Supreme Court, U.S.
FILED

No.

98 509 SEP 21 1998

Supreme

OFFICE OF THE CLERK

CANDACE L. COOPER,

Petitioner,

v.

STATE OF NORTH CAROLINA, on the relation of James E. Long, Commissioner of Insurance, as Liquidator of Twentieth Century Life Insurance Company,

Respondent.

GLENN H. MARTIN,

Petitioner,

v.

STATE OF NORTH CAROLINA, on the relation of James E. Long, Commissioner of Insurance, as Liquidator of Twentieth Century Life Insurance Company,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

Appendix to Petition for Writ of Certiorari

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UNPUBLISHED

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

STATE OF NORTH CAROLINA,
on relation of James E. Long,
Commissioner of Insurance,
as Liquidator of Twentieth Century
Life Insurance Company,

Plaintiff - Appellee,

v.

GLENN H. MARTIN,

Defendant - Appellant,

CANDACE L. COOPER,

Defendant,

LOUIS J. HEVEY,

Defendant,

(CA-92-783-5-F, CA-94-850-5-F2)

Entered: June 23, 1998
Argued: May 7, 1998
Decided: June 23, 1998

Appeal from the United States District Court for the Eastern District of North Carolina, at Raleigh. James C. Fox, District Judge.

Before WIDENER, NIEMEYER, and LUTTTG, Circuit Judges.

Affirmed by unpublished per curiam opinion.

ARGUED: Walter Wm. Hofheinz, LAW OFFICE OF WALTER WM. HOFHEINZ, Dallas, Texas; Noel Lee Allen, ALLEN &

PINNIX, P.A., Raleigh, North Carolina, for Appellants. V. Lane Wharton, Jr., BODE, CALL & STROUPE, L.L.P., Raleigh, North Carolina, for Appellee. ON BRIEF: Anthony D. Taibi, BODE, CALL & STROUPE, L.L.P., Raleigh, North Carolina, for Appellee.

Unpublished opinions are not binding precedent in this circuit. See Local Rule 36(c).

PER CURIAM:

Candace L. Cooper and Glenn H. Martin appeal the district court's orders granting summary judgment to the Plaintiff on the claim of breach of fiduciary duty as to Cooper and for violations of North Carolina Racketeer Influenced and Corrupt organizations Act, N.C. Gen. Stat. § 75D. We have reviewed the record and the district court's opinion and find no reversible error. Accordingly, we affirm essentially on the reasoning of the district court. North Carolina v. Cooper, No. CA-92-783-5-F, North Carolina v. Martin, No. CA-94-850-5-F2 (E.D.N.C., Jan. 16, 1996, Feb. 1, 1996; Feb. 22, 1996).

AFFIRMED

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA,
WESTERN DIVISION

STATE OF NORTH CAROLINA,
on relation of James E. Long,
Commissioner of Insurance,
as Liquidator of Twentieth Century
Life Insurance Company,

Plaintiff,

v.

GLENN H. MARTIN,
CANDACE L. COOPER,
LOUIS J. HEVEY,

Defendants.

Entered: February 22, 1996

JUDGMENT

____Jury Verdict. This action came before the Court for a Trial by jury. The issues have been tried and the jury has-rendered its verdict.

X Decision by Court. This action came on trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED:

1. All claims against Defendants Cooper and Martin as to which summary judgment has not already been entered are hereby DISMISSED;

2. In case no.: 92-CV-783-5-F judgment is entered against Defendat Candace L. Cooper in the sum of $9,085,425.67, and in case no. : 5:94-CV-850-F2 judgment is entered against Defendant Glenn H. Martin in the sum of $27,256,277.01;

The above judgement was entered today, February 22, 1996, and a copy mailed to:

(Names omitted)

February 22, 1996 David W. Daniel

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA,
WESTERN DIVISION

STATE OF NORTH CAROLINA,
on relation of James E. Long,
Commissioner of Insurance,
as Liquidator of Twentieth Century
Life Insurance Company,

Plaintiff,

v.

GLENN H. MARTIN,
CANDACE L. COOPER,
LOUIS J. HEVEY,

Defendants.

Entered: February 21, 1996

ORDER

The following of plaintiff's Motions are ALLOWED:

1. To voluntarily dismiss all claims against defendant Cooper as to which summary judgment has not been entered;

2. To voluntarily dismiss all claims against defendant Martin as to which summary judgment has not been entered;

3. To direct the Clerk of Court to enter judgment pursuant to Rule 79, Fed. R. Civ. P. as against defendant Cooper in the sum of $9,085,425.67;

4. To direct the Clerk of Court to enter judgment Pursuant to Rule 79, Fed. R. Civ. p., as against defendant Martin in the sum of $27,256,277.01.

It is therefore ORDERED that:

1. All claims against defendants Cooper and Martin as to which summary judgment has not already been entered are hereby DISMISSED;

2. The Clerk of Court is DIRECTED to enter judgment pursuant to Rule 79, Fed. R. Civ. P., as follows:

a. In case No. 92-CV-783-5-F, as against defendant Candace L. Cooper, in the sum of $9,085,425.67; and

b. In case No. 5:94-CV-850-F2, as against defendant Glenn H. Martin, in the sum of $27,256,277.01.

The court perceives that the rulings announced herein resolve all the matters which properly have been brought before it, and that the consolidated cases now may be closed. The parties are DIRECTED immediately to notify the Clerk of Court if they perceive other matters remaining for resolution.

SO ORDERED.

This 21st day of February, 1996.

/s/ James C. Fox
United States District Judge

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA,
WESTERN DIVISION

STATE OF NORTH CAROLINA,
on relation of James E. Long,
Commissioner of Insurance,
as Liquidator of Twentieth Century
Life Insurance Company,

Plaintiff,

v.

GLENN H. MARTIN,
CANDACE L. COOPER,
LOUIS J. HEVEY,

Defendants.

Entered: January 31, 1996

ORDER

This matter came on for a hearing before the undersigned sitting at Wilmington, North Carolina, on January 24, 1996. Present were Mr. Lane Wharton for Twentieth Century Life Insurance Company (Twentieth Century) and Mr. Mark Jochem for defendant Glenn Martin. This order is entered to memorialize rulings announced in open court, and to address the remaining pending matters in these consolidated cases.

Pursuant to Fed. R. Civ. P. 41, the plaintiff's Motion for leave to dismiss Counts I and II against defendant Hevey is ALLOWED. The court's January 4, 1996, order denying Noel L. Allen's Motion to Withdraw as Counsel for Defendant Candace L. Cooper is hereby VACATED, and that motion is ALLOWED. Defendant Cooper is ORDERED to advise the court within five (5) days of receipt of this order whether she appears in this case pro se. The court notes Ms. Cooper's current address as Candace Cooper, #17795-018, FCI-Butner, P. 0. Box 2000, Catawba West, Butner, NC 27859.

Martin's request for leave to file out of time his Response to Twentieth Century's Motion for Summary Judgment is

ALLOWED. [fn1 That response, which is designated a "Reply," has been filed as of January 22, 1996.] Twentieth Century has filed a Reply thereto, and the matter is ripe for disposition.

Martin's position is that his 25 criminal convictions in the Middle District of Florida for such offenses as conspiracy to commit mail fraud, money structuring and money laundering, and committing those substantive offenses in relation to his dealings with Twentieth Century and other corporations, are not based on the identical incidents alleged in the Complaint in Counts T and II -- violations of North Carolina's RICO statute. The Complaint alleges, inter alia, that Martin conspired to commit and did commit mail fraud, that he caused false financial statements of Twentieth Century to be filed pursuant to that conspiracy, and that he embezzled funds from Twentieth Century. Martin contends that the predicate acts underlying his 25 convictions are "unrelated" to incidents alleged in the Complaint as predicate acts for Counts I and IT. Martin's "Reply" at 7.

Twentieth Century, all the other hand, contends that the offenses for which Martin was convicted were all part of the same scheme described in the Complaint to obtain money from Twentieth Century policy holders by mail fraud, then to convert premiums to his own use through money structuring and laundering. Twentieth Century also relies on statements contained in the plea agreement of co-defendant, Louis Hevey, as evidence of Martin's participation in the conspiracy to defraud Twentieth Century.

Twentieth Century explains that it does not contend that Martin's convictions are conclusive in establishing the R.I.C.O. claims, but, rather, that they constitute some evidence to support each element of those claims. The burden falls on Martin, as the non-moving party, to demonstrate that he can produce competent evidence to the contrary. Cf. Celotex Corp. v. Catrett, 477 U.S. 317 (1986).

The only evidence Martin has proffered is his affidavit, dated January 18, 1996, which addresses his contentions that a genuine issue of material fact exists because he believes (i) Twentieth Century owes him money or, in the alternative, that an entity with which he was associated is owed money by Twentieth Century; and (ii) Twentieth Century has sufficient assets to pay the claims of its creditors because a parcel of real estate has

appreciated in value. Neither of these points is relevant to the existence or nonexistence of material facts related to the merits of Twentieth Century's substantive claims in Counts I and II of the Complaint. Stated another way, Twentieth Century's proffer of evidence in support of its RICO claims is, unrebutted. Indeed, Martin consistently has failed to take timely advantage of any opportunity to advance a serious defense to the claims. [fn2 As the court outlined in its order of January 16, 1996, Martin, neglected between September and November 1995, to take advantage of an opportunity extended by the Magistrate Judge to amend his Answer and to conduct discovery. By the time Martin purportedly was ready to do so, this court determined that accommodating him would be unduly prejudicial to Twentieth Century as well as futile. Any suggestion by Martin that his "case had been at issue for less than 30 days" before the January 16th order is disingenuous, at best.] For the foregoing reasons, and those set forth more fully in Twentieth Century's Memorandum in Support of Motion for Partial Summary Judgment and Reply, that Motion for Partial Summary Judgment is ALLOWED as to Counts I and II of the Complaint. Twentieth century is entitled to judgment in the principal sum of $9,085,425.67, which sum is to be trebled pursuant to N.C. Gen. Stat. 75D-8(c). Martin's request for an order, pursuant to 28 U. S. C. 1292 (b) , certifying the January 16, 1996, order f or interlocutory review is DENIED.

Counsel for the plaintiffs in both consolidated cases are DIRECTED to advise the court within ten (10) days from the date of service hereof whether they intend to pursue the remaining claims against defendants Cooper and Martin.

SO ORDERED. This 31st day of January, 1996.

/s/ James C. Fox
United States District Judge

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA,
WESTERN DIVISION

STATE OF NORTH CAROLINA,
on relation of James E. Long,
Commissioner of Insurance,
as Liquidator of Twentieth Century
Life Insurance Company,

Plaintiff,

v.

GLENN H. MARTIN,
CANDACE L. COOPER,
LOUIS J. HEVEY,

Defendants.

No. 92-CV-783-5-F
No. 5:94-CV-850-F2

Entered: January 16, 1996

ORDER

These consolidated cases arise from events which allegedly transpired after the Twentieth Century Life Insurance Company was acquired by Glenn H. Martin and corporations he owned or controlled. Since these lawsuits were filed, defendants Martin, Hevey and Cooper have been convicted of federal criminal offenses related to their dealings with Twentieth Century, and all three have been sentenced to serve periods of incarceration in federal facilities. In addition, each defendant has been ordered to pay restitution in the sum of approximately $9.75 million. The court is informed that the restitution order may be the subject of appeal in some or all of the criminal cases.

The following motions in these consolidated civil cases are ripe for ruling:

Long's motion for partial summary judgment as against defendants Cooper and Hevey in No. 92-783;
Cooper's motion to amend her answer in No. 92-783;

Martin's motion to amend his answer and to add counterclaim, and to extend time for discovery in No. 94-850;
Martin's motion for judgment on the pleadings in No. 94-850.

The facts set forth in the plaintiff's Memorandum supporting the Motion for Partial Summary Judgment as against defendants Cooper and Hevey in No. 92-783, are, to date, uncontested, in that the defendants have claimed Fifth Amendment privilege against self-incrimination and, therefore, have neither given sworn testimony in this case, nor tendered versions of the facts which differ from that offered by the plaintiffs. The court can perceive of no benefit in adding to the bulk of this case file by reiterating the underlying facts. Reference is made to plaintiff's renditions thereof contained its dispositive motions.

I. COOPER'S MOTION TO AMEND ANSWER

Cooper has invoked her Fifth Amendment privilege against self-incrimination to date in this litigation. On September 25, 1995, Magistrate Judge Denson provided that Cooper would be permitted to move for leave to supplement her Answer to the Complaint herein on or before October 9, 1995. On October 10, 1995, Cooper so moved, without specifying the substance of supplemental pleadings in a proposed Amended Answer. She argued that no Local Rule or Rule of Civil Procedure requires that she attach a proposed Amended Answer to her motion, and that her failure to do so is no reason to deny her leave to so amend.

Although Cooper is correct that there is no requirement that she attach a proposed Amended Answer, her failure to do so leaves the court without any basis for making an informed determination of the merit of her motion to file such a pleading. Consequently, although Cooper's motion was filed in a timely manner, she has not made any showing of a factual or legal basis therefor.

Furthermore, although leave to amend "shall be freely given," the court perceives that amendment at this late date would not only be unduly prejudicial to the plaintiff but also would be futile. See, e.g., Johnson v. Oroweat Foods Co., 785 F.2d 503,

510 (4th Cir. 1986). For those reasons, Cooper's Motion to Amend her Answer is DENIED.

II. MOTION FOR PARTIAL SUMMARY JUDGMENT --No. 92-783-CIV-5 --FRAUD CLAIMS AGAINST COOPER & HEVEY

Even before these consolidated civil actions were stayed pending completion of the criminal prosecutions in Florida, plaintiff Long moved for Partial Summary Judgment as against defendants Cooper and Hevey on Long's claims of fraud.

A. Hevey

Because defendant Hevey has indicated that he does not intend to defend against the claims filed against him, and has not, in fact, done so, Long's Motion for Partial Summary Judgment is ALLOWED against Hevey on the fraud claim -- Count III of the Complaint. Long is entitled to entry of partial judgment against Hevey in the principal amount of $9,085,425.67.

B. Cooper

Cooper has filed a response to the instant motion in which she contends that summary judgment cannot be had on the fraud claim, because that claim is based on an alleged breach of fiduciary duty, and she had no fiduciary duty to the North Carolina Department of Insurance. Cooper admits, of course, that she "likely" owed a fiduciary duty to the corporation. Long points out that breach of a fiduciary duty is constructive fraud under North Carolina law, and that he has brought this action as liquidator of Twentieth Century and is asserting the claims of that corporation. He does not assert any claims he may have in his own right as regulator.

None of Ms. Cooper's arguments has merit with regard to the instant motion. For the reasons set forth in Long's Memorandum in Support of Motion for Partial Summary Judgment and in his Reply to Cooper's Response thereto, that motion is ALLOWED. Long is entitled to partial summary

judgment as against defendant Cooper in the principal amount of $9,085,425.67.

III. MARTIN'S MOTION TO FILE AMENDED ANSWER ADD COUNTERCLAIM AND EXTEND DISCOVERY No. 5:94-CV-850

Martin, like Cooper, initially filed an Answer in which he primarily invoked his Fifth Amendment privilege against self-incrimination. Also like Cooper, the Martin case was stayed by Magistrate Judge Denson pending the criminal proceedings in Florida.

On September 25, 1995, Judge Denson lifted the stay as to all matters except plaintiff-initiated discovery. In that same order, Judge Denson extended Martin's opportunity to conduct discovery until November 24, 1995.

On November 14, 1995, Martin's lead and local counsel entered their notices of appearance for the first time, although the record is clear that lead counsel, Mr. Jochem, had been representing Martin's interests at least since the September 25, 1995, telephone conference with Judge Denson. And, although the stay had been lifted as of that date, Mr. Jochem did not move to amend Martin's Answer and to add a counterclaim until November 14th. He also moved on that date to extend the discovery deadline until December 15 for the sole purpose of deposing certain named persons. Twentieth Century responded in opposition to the November 14th motions.

Martin, like Cooper, did not submit a proposed Amended Answer. To date, the court still is in the dark with regard to what affirmative defenses and counterclaims Martin would add, if permitted to do so. Because the court perceives that permitting Martin to file an Amended Answer and counterclaims at this late date would be unduly prejudicial as well as futile, Martin's motion to file Amended Answer and counterclaims, too, is DENIED. See, e.g. State of North Carolina ex rel. Long v. Alexander & Alexander, 711 F. Supp. 257, 259-60 (E.D.N.C. 1989).

On November 14, 1995, Martin filed a motion for leave to extend the discovery deadline in order to depose Joseph Holloway, N.C. Dept. of Insurance; Melvin Dillon, Contractor, N.C. Dept. of Insurance; Sandy Acton, Contractor, N.C. Dept. of

Insurance; Mike Blinson, North Carolina Guaranty Association; and James Long, Commissioner of N.C. Dept. of Insurance. Counsel for Martin had indicated during the September 25, 1995, telephone status conference with Magistrate Judge Denson that he intended to conduct discovery, and Judge Denson extended discovery for Martin until November 24, 1995. However, following that conference call, Martin's counsel never served any discovery request or notice of deposition.

Rather, on November 6, 1995, counsel for Martin telephoned plaintiff's counsel indicating a desire to depose four people during or just after Thanksgiving week. Plaintiff's counsel offered several dates between November 9 and 22, on which these witnesses would be available. However, on November 14, 1995, Martin moved for another extension of the discovery deadline to December 15, so that he could take the depositions during "a three day period when all parties are available." Martin's Motion to Extend Time for Discovery at 14. It was at this point that the undersigned requested the case file and, upon reviewing it, scheduled a status conference with counsel for the parties.

For the reasons more fully set forth in the plaintiff's response in opposition to this motion, Martin's Motion to Extend Time for Discovery is DENIED.

IV. MARTINIS MOTION FOR JUDGMENT ON LEADINGS OR FOR SUMMARY JUDGMENT

On December 21, 1995, defendant Martin filed a Motion for Judgment on the Pleadings or, in the alternative, for Summary Judgment. The plaintiff filed its response on January 2, 1996.

In the instant motion, Martin attacks Counts I and II of the Complaint which allege violations of the North Carolina Racketeering Influence and Corruption organizations ("RICO") Act, N.C. Gen. Stat. SS 75D-1, et seq. The Complaint alleges predicate acts of mail fraud, embezzlement and willful filing of a false annual statement.

Martin asserts that the plaintiff -- the State of North Carolina on relation of James E. Long Insurance Commissioner as liquidator of Twentieth Century -- cannot sue Twentieth Century's former president, Glenn Martin, under North Carolina RICO Act for allegedly stealing more than $9 million in insurance premiums

sent to Twentieth Century by hundreds of policyholders, while leaving Twentieth Century obligated to pay out claims to those policyholders. Martin relies as authority for his position on Corcoran v. American Plan Corp., 886 P.2d 16 (2d Cir. 1989), which held that the New York Superintendent of Insurance, suing as liquidator of an insurance company, failed to state a claim under federal RICO by alleging as the sole predicate acts the mailing of false financial statements by officers of the insurance company to the *New York Department of Insurance*, because that entity was not deprived of any property interest in reliance on the false statements. Corcoran, 886 F.2d at 19-22.

The reason the Corcoran complaint was dismissed was that the alleged predicate acts did not constitute federal mail fraud because the "person" alleged to have been deceived (the Superintendent of Insurance) did not thereby lose money or property. Consequently, the court concluded that the filing of false financial statements with the New York Insurance Department -- the only mailing alleged in Corcoran -- did not meet the technical definition of "mail fraud" contained in 18 U.S.C. §1341, because the Department did not thereby lose property or money.

Similarly, other cases upon which Martin relies in support of his position here also are inapposite. Both Brandenburg v. Seidel, 859 F.2d 1179 (4th Cir. 1988), and Mid Atlantic Telecom v. Long Distance Services, 18 F.3d 260 (4th Cir.), cert. denied, _ U.S. _ , 115 S. Ct. 323 (1994), were concerned with proximate causation between alleged predicate acts of mail fraud and the victims' injuries.

Twentieth Century, through its liquidator Long, points out that its case against Martin is entirely different from those rejected in both Corcoran and Brandenburg. First, the claims in this case are brought pursuant North Carolina RICO law, not federal RICO. North Carolina law does not permit acts of mail fraud to stand alone as the "predicate act" allowing a scheme to be classified as "a pattern of racketeering" in a private civil action. Rather, North Carolina RICO requires that a private plaintiff allege the existence of at least one "act of racketeering" other than mail fraud. See N.C. Gen. Stat. 5 75D8(c). The allegations advanced by the plaintiff in Counts I and II of the Complaint herein comply with this requirement.

Secondly, Corcoran dealt with facts where no indictable federal mail fraud offense was pled. In contrast, not only has *Commissioner Long pled* actionable mail fraud, but Martin has been indicted and convicted of multiple counts of federal mail fraud in connection with his dealings with Twentieth Century and its policyholders.

Third, Commissioner Long alleged mail fraud in the Complaint, not by reference to any fraud on the North Carolina Department of Insurance, but by reference to a fraud on Twentieth Century and its policyholders, by specific reference to mailings to those policyholders. The plaintiff herein did not allege that any acts of federal mail fraud consisted of mailings to the Insurance Department -- the fatal error in Corcoran. Rather he alleged that false financial statements -- delivered by private carrier rather than through the mails -- filed with the Insurance Department violated North Carolina criminal laws relating specifically to the filing of false financial statements. These specific North Carolina statutes are included in the definition of "acts of racketeering" in the state RICO statutes. N.C. Gen. Stat. § 75D-3.

Fourth, mail fraud is only one of the many offenses of which Martin was convicted, and is only one of the crimes which the plaintiff alleges Martin committed. The predicate acts alleged in the Complaint include embezzlement and other North Carolina state law crimes designated as predicate acts under the North Carolina RICO statutes. Martin was convicted of crimes in addition to mail fraud, including money laundering and money structuring, as part of his scheme to defraud Twentieth Century and its policyholders. Even absent the mail fraud counts, Martin's multiple convictions of money laundering are sufficient standing alone to establish a "pattern of racketeering" under North Carolina RICO. N.C. Gen. Stat. §§ 75D-B(e), -3(c).

Martin mistakenly believes that an element of a North Carolina RICO claim is proof that a "plaintiff . . .detrimentally relied on a predicate act of racketeering activity." Martin's Memorandum at 4. Rather, the elements of such a claim are set forth in N.C. Gen. Stat. § 75D-B(c), and include proof by a plaintiff "that he has been injured or damaged in his business or property by reason of any violation of G.S. 75D-4 involving a pattern of racketeering activity.....

Martin advances the disingenuous argument that Insurance Commissioner Long did not allege that he had detrimentally relied on anything Martin did. He carries this premise into an argument that Commissioner Long did not allege that he suffered any injury as a proximate cause of Martin's alleged acts, or that Commissioner Long is an "innocent person." In short, the cornerstone of Martin's position is that James E. Long lacks standing to sue him for RICO violations.

It is elementary that the plaintiff in this case is Twentieth Century Life Insurance Company, whose rights are being asserted by its statutory receiver, James E. Long, North Carolina Insurance Commissioner, pursuant to his specific authority under N.C. Gen. Stat. 5 58-30-120(12). The Complaint alleges that Twentieth Century was injured as a result of Martin's racketeering activity:

> 43. By reason of the foregoing acts of [Martin] and his co-conspirators, Twentieth Century has been damaged in that more than $9,800,000 of its assets have been looted from the company and are not available for use in paying claims against the company.

Complaint at ¶ 43. As the plaintiff points out, Martin is confusing Long's role as regulator with that of liquidator of Twentieth Century. The Commissioner "assumes the identity" of an insolvent insurer when he becomes a receiver. North Carolina ex rel. Long v. Alexander & Alexander Services, Inc., 711 F. Supp. at 262.

The plaintiff has not alleged fraud against the North Carolina Department of Insurance as a basis for its private RICO civil action. Plaintiff has alleged a fraud on a North Carolina insurance company -- Twentieth Century -- driving it into insolvency, accompanied by numerous criminal acts, including fraud on regulators necessary to carry out the principal fraud, which acts are not random or isolated in nature, but of a similar nature and part of a pattern. The Complaint alleges that Martin embezzled money from Twentieth Century which he obtained through mail fraud. It alleges that Martin's fraudulent mailings deceived people into sending money to Twentieth Century, which Martin intended to divert to his own use thus injuring the company by increasing its obligations without providing the

assets to cover those obligations. The Complaint further alleges that Martin concealed his crime in order to allow him to steal more money by sending false statements to insurance departments, thus committing federal mail fraud offenses. Cf. United States v. Cosentino, 869 F.2d 301, 308 (7th Cir.) (evidence in federal criminal mail fraud of "deliberate attempts to cover up the transactions to keep the Department of Insurance from shutting down business that was operating outside of the limits. . . ."), cert. denied, 492 U.S. 908 (1989). Finally, the Complaint contends that direct injury to Twentieth Century was reasonably foreseeable as a result of Martin's actions, and that those actions were the direct and proximate cause of Twentieth Century's injuries.

Martin has failed to demonstrate that he is entitled to judgment on the pleadings. Nor has he demonstrated that he is entitled to summary judgment as to Counts I and II. Rule 56, Fed. R. Civ. P. His arguments are misdirected and his premises flawed. For the reasons set forth herein, Martin's Motion for Judgment on the Pleadings or for Summary Judgment is DENIED.

1. Plaintiff's motion for Partial Summary Judgment as to defendants Hevey and Cooper on the fraud claim -- Count III in No. 92-783 -- is ALLOWED. Plaintiff is entitled to partial summary judgment as against each of defendants Hevey and Cooper in the principal amount of $9,085,425.67, jointly and severally.

2. Motions to File Amended Answer and to Add Counterclaim in No. 94-850, and to Extend Discovery are DENIED.

3. Martin's Motion for Judgment on the Pleadings or for Summary Judgment on Counts I and II -- North Carolina RICO violations -- in No. 94-850 is DENIED.

SO ORDERED.

This 16th day of January, 1996.

/s/ James C. Fox
United States District Judge

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA,
WESTERN DIVISION

STATE OF NORTH CAROLINA,
on relation of James E. Long,
Commissioner of Insurance,
as Liquidator of Twentieth Century
Life Insurance Company,

Plaintiff,

v.

GLENN H. MARTIN,
CANDACE L. COOPER,
LOUIS J. HEVEY,

Defendants.

No. 92-CV-783-5-F

Entered: November 2, 1995

ORDER

It is hereby ORDERED that future pleadings and orders shall be filed by the Clerk of Court only in case number 5:94-CV850-F2, but shall carry the captions and case numbers of both these consolidated cases, and be deemed as having been filed separately in each case.

SO ORDERED.

This 2nd of November, 1995.

/s/ James C. Fox
United States District Judge

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA,
WESTERN DIVISION

STATE OF NORTH CAROLINA,
on relation of James E. Long,
Commissioner of Insurance,
as Liquidator of Twentieth Century
Life Insurance Company,

Plaintiff,

v.

GLENN H. MARTIN,
CANDACE L. COOPER,
LOUIS J. HEVEY,

Defendants.

No. 92-CV-783-5-D
No. 5-94-CV-850-F2

Entered: November 13, 1995

DEFENDANT'S MOTION TO ANSWER TO COMPLAINT, ADD AFFIRMATIVE DEFENSES AND COUNTER-CLAIM

COMES NOW, Glenn H. Martin, by and through his undersigned attorney, pursuant to Rule 15 Federal Rules of Civil Procedure and files this Motion to Amend his Answer To Complaint, Add Affirmative Defenses And Counter-Claim, and would show as follows:

1. The subject complaint was filed and properly served on the Defendant's [sic] in December of 1994.

2. The Defendant timely filed his response.

3. This Court granted Defendant's Motion to Stay these Proceedings on or about January 26, 1995, because the defendant was involved in a parallel criminal proceeding in the Federal District Court for the Middle District of Florida.

4. In the answer to the subject complaint, the Defendant asserted his Fifth Amendment privilege against sell incrimination to at relevant portions thereof.

5. The Federal criminal case concluded in August of 1995 and there will no longer be any reason to invoke the constitutional privilege once the Defendant is sentenced on or about November 9, 1995.

6. The Defendant therefore would like to respond to the factual allegations, assert any affirmative defense that he is entitled to, and bring a counter-claim as soon as the sentencing phase of his criminal case is concluded. Currently, as mentioned above, the sentencing is scheduled for November 9, 1995, at 8:30 a.m. However, the U.S. Government has made a motion to continue the sentencing hearing to another date which is believed to be November 27, 1995.

7. The Defendant would request that he be allowed to file his amended pleadings (10) ten days after the granting of this motion or ten days after the sentencing hearing, which ever is later.

Wherefore, Defendant, Glenn H. Martin, respectively request an order granting his motion to amend the answer to the complaint consistent with paragraph (7) seven above and any other relief in law or equity that is deemed proper.

This 13 day of November, 1995.

/s/ Mark G. Jochem
/s/ Rebecca Sillmon

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA,
RALEIGH DIVISION

State of North Carolina on the Relation of
James E. Long, Commissioner of Insurance,
as Liquidator of Twentieth Century Life
Insurance Company,

Plaintiff,

v.

Candace L. Cooper,
Louis H. Hevey and
Talena Moegerle,

Defendants.

Entered: October 10, 1995

No. 92-783-CIV-5-D

MOTION FOR AN ORDER PERMITTING
SUPPLEMENTATION OF DEFENDANT COOPER'S ANSWER

NOW COMES Defendant Candace L. Cooper (hereinafter "Cooper"), by and through the undersigned attorney, pursuant to an Order issued on September 25,1995 by this Court and seeks by this motion an order which would permit supplementation of her Answer to Plaintiff's Complaint. In support thereof, Defendant Cooper shows unto the Court the following:

1. This action was commenced in the state court of North Carolina on October 21, 1992 and subsequently removed from the state court to the United States District Court, Eastern District of North Carolina.

2. Defendants Hevey and Cooper jointly filed a motion to stay these proceedings and for a protective order staying all further discovery on September 3, 1993 in light of the an ongoing criminal investigation into the subject matter of the present case in the state of Florida.

3. Said motion was denied in an Order issued by Magistrate Judge Denson on April 7, 1994.

4. Defendant Cooper filed her Answer on May 2, 1994 and asserted her Fifth Amendment privilege in response to virtually all of the allegations of the complaint.

5. Defendants Hevey and Cooper appealed Magistrate Judge Denson's Order; however, it was affirmed by Order of Judge Dupree issued August 12, 1994.

6. On November 10, 1994, Defendant Cooper was indicted in the Middle District of Florida (United States v. Martin, No. 94-155-CR-ORL-19) on charges related to the subject matter of the present case.

7. Defendant Cooper's Florida attorney filed a letter with this Court on January 19, 1995 which was effectively a motion to stay these proceedings pending the outcome of the criminal case in Florida,

8. On February 10, 1995, Judge Dupree issued an Order continuing the trial in the present matter and staving all proceedings pending the completion of the criminal proceedings in Florida.

9. The jury returned its verdict in the criminal trial in Florida on August 15, 1995, and Defendant Cooper is scheduled for sentencing on November 9, 1995.

10. A telephonic conference regarding the status of this case was held September 25, 1995, and an Order was issued pursuant to said conference permitting Defendant Cooper to file a motion regarding the supplementation of her Answer to the Plaintiffs Complaint.

WHEREFORE Defendant Cooper wishes to waive her Fifth Amendment rights and prays this Court for an order permitting supplementation of her Answer dated May 2, 1994 to the allegations contained in the Plaintiff s Complaint.

Respectfully submitted this the 10th day of October, 1995.

Allen and Pinnix, P.A.
by /s/ Noel L. Allen
State Bar No. 5485
Attorney for Defendant Cooper
P.O. Drawer 1270
Raleigh, North Carolina 27602
(919)755-0505

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA
RALEIGH DIVISION
92-783-CIV-5-D

STATE OF NORTH CAROLINA on the relation of JAMES E. LONG, Commissioner of Insurance, as Liquidator of TWENTIETH CENTURY LIFE INSURANCE COMPANY,

Plaintiff,

v.

CANDACE L. COOPER, LOUIS H. REVEY and TALENA MOEGERLE,

Defendants.

Entered: February 3, 1993

AFFIDAVIT OF MELVIN J. DILLON

Melvin J. Dillon, being first duly sworn, deposes and says:

1. My name if Melvin J. Dillon. I am a resident of Wake County, North Carolina, and I have personal knowledge of the facts set out in this Affidavit.

2. I am the President of M. J. Dillon company, Inc., a Raleigh insurance consulting firm. I established M. J. Dillon Company in 1955 following my retirement as the president of State Capital Insurance Company, a Raleigh-based, North Carolina property and casualty insurer. Before my retirement from State Capital I had over thirty (30) years of experience in the insurance industry including experience as the chairman of the North Carolina Insurance Guaranty Association and as a member of various committees of the North Carolina Rate Bureau.

3. Beginning in 1985 I have served as a Special Deputy Commissioner of Insurance to North Carolina Insurance Commissioner James E. Long in connection with delinquency proceedings instituted against insolvent North Carolina insurers, including Twentieth Century Life Insurance Company, the

Beacon Insurance Company and Northwestern Security Life insurance Company.

4. At the request of Commissioner Long and his deputies I have provided consulting services with respect to Twentieth Century Life Insurance Company, a North Carolina corporation, since 1989. Since Twentieth Century was placed in delinquency proceedings in March, 1991, I have participated in managing the affairs of Twentieth Century.

5. While serving as a consultant for the North Carolina Insurance Department I became familiar with Mr. Louis Hevey, who was the treasurer of Twentieth Century Life Insurance Company. To my knowledge Mr. Hevey was responsible for seeing that all of the financial records of Twentieth Century were properly maintained.

6. On July 17, 1991, I attended a meeting held in the offices of an attorney in Winter Park, Florida. The meeting was held at the request of Mr. Louis Hevey which was relayed through an examiner employed by the North Carolina Department of Insurance. Present at the meeting were Mr. Hevey, Mr. Alex Spencer, Senior Deputy Commissioner of Insurance of the State of North Carolina, a North Carolina attorney representing the Commissioner, myself, and for a limited time, a Florida attorney.

7. At the meeting Mr. Louis Hevey brought with him handwritten documentation of various bank accounts which had been set up in the name of Twentieth Century Life Insurance Company but which had not been included in the financial records of the company turned over to Commissioner Long's representatives nor had North Carolina Insurance Department personnel previously been notified of the existence of these records.

8. The records supplied by Mr. Hevey were reviewed and discussed during the course of the meeting. Mr. Hevey stated that Mr. Glenn H. Martin, the President of Twentieth Century Life Insurance Company, had instructed Mr. Hevey to handle the accounts, off of the books, in order to hide the money and that Mr. Martin had given Mr. Hevey instructions for the various checks that were issued from the accounts.

9. The accounts, according to Mr. Hevey, were set up at the time that Twentieth Century Life Insurance Company had been ordered to discontinue writing business, and they were funded by

premiums received from policies written by agents for Twentieth Century Life Insurance Company. The premiums deposited into the accounts were not booked on Twentieth Century's financial records and were not deposited into the normal Twentieth Century bank accounts, but were deposited directly into the bank accounts identified by him and used for various activities of Mr. Martin. The policies issued with respect to such premiums also were held off of the books and records of Twentieth Century Life Insurance Company, according to Mr. Hevey.

10. Mr. Hevey stated that the amount of premiums held off the general ledger of Twentieth Century and deposited into the hidden accounts amounted to approximately $9.5 million, with about one-third being disbursed to Mr. Martin, one-third to Financial Security Corporation of America, the managing general agency for Twentieth Century, and the remaining one-third used to pay off shareholders' capital contributions.

11. According to Mr. Hevey, Ms. Candace Cooper, vice-president of Twentieth Century Life Insurance Company, had complete knowledge of all transactions and the way in which the policies and premiums were handled in order to keep them hidden. According to Mr. Hevey, Mrs. Lou Ann Foulkes, a vice-president of Twentieth Century Life Insurance Company, was aware and participated.

12. Mr. Hevey stated that he realized that handling the premiums and accounts in the matter he had discussed was improper and he expressed a desire to cooperate with the North Carolina Department of Insurance in the matter.

13. During the meeting with Mr. Hevey no one present compelled him to make any statement and no one offered him any immunity.

14. This is the end of the affidavit.

This the 8th day of February, 1993.

/s/ Melvin J. Dillon

[Jurat omitted]

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA,
ORLANDO DIVISION

United States Of America

-

v.

Glenn H. Martin

Case No, 94-155-Cr-Orl-19

Entered: August 15, 1995

VERDICT

Count One of the Indictment

1. As to the offense of conspiracy to commit mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

2. As to the offense of conspiracy to conduct financial transactions with the intent to promote mail fraud, We the Jury, find the defendant, GLENN H. MARTIN: Guilty

3 As to the offense of conspiracy to conduct financial transactions with the intent to conceal or disguise the proceeds of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

4. As to the offense of conspiracy to engage in monetary transactions in criminally derived property, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Two of the Indictment

5. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Not Guilty

Count Three of the Indictment

6. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Four of the Indictment

7. As to the offense of mail fraud, We Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Five of the Indictment

8. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Not Guilty

Count Six of the Indictment

9. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Not Guilty

Count Seven of the Indictment

10. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Not Guilty

Count Eight of the Indictment

11. As to the offense of mail fraud, We, the Jury, find the defendant GLENN H. MARTIN: Not Guilty

Count Nine of the Indictment

12. As to the offense of mail fraud We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Ten of the Indictment

13. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Not Guilty

Count Eleven of the Indictment

14. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Not Guilty

Count Twelve of the Indictment

15. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Not Guilty

Count Thirteen of the Indictment

16. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Not Guilty

Count Fourteen of the Indictment

17. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Not Guilty

Count Fifteen of the Indictment

18. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Sixteen of the Indictment

19. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Seventeen of the Indictment

20. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Not Guilty

Count Eighteen of the Indictment

21. As to the offense of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Nineteen of the Indictment

22. As to the offense of engaging in a monetary transaction in criminally derived property, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Twenty of the Indictment

23. As to the offense of engaging in a monetary transaction in criminally derived property, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Twenty-One of the Indictment

24. As to the offense of engaging in a monetary transaction in criminally derived property, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Twenty-Two of the Indictment

25. As to the offense of engaging in a monetary transaction in criminally derived property, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Twenty-Three of the Indictment

26. As to the offense of engaging in a monetary transaction in criminally derived property, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Twenty-Four of the Indictment

27. As to the offense of engaging in a monetary transaction in criminally derived property, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Twenty-Five of the Indictment

28. As to the offense of engaging in a monetary transaction in criminally derived property, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Twenty-Six of the Indictment

29. As to the offense of conducting a financial transaction with the intent to promote mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Twenty-Seven of the Indictment

30. As to the offense of conducting a financial transaction with the intent to promote mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Twenty-Eight of the Indictment

31. As to the offense of conducting a financial transaction with the intent to promote mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Twenty-Nine of the Indictment

32. As to the offense of conducting a financial transaction with the intent to conceal or disguise the proceeds of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Thirty of the Indictment

33. As to the offense of conducting a financial transaction with the intent to conceal or disguise the proceeds of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Thirty-One of the Indictment

34. As to the offense of conducting a financial transaction with the intent to conceal or disguise the proceeds of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Thirty-Two of the Indictment

35. As to the offense of conducting a financial transaction with the intent to conceal or disguise the proceeds of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

Count Thirty-Three of the Indictment

36. As to the offense of conducting a financial transaction with the intent to conceal or disguise the proceeds of mail fraud, We, the Jury, find the defendant, GLENN H. MARTIN: Guilty

SO SAY WE ALL this 15th day of August, 1995.

/s/ Foreman

[Certification of copy by Clerk omitted]

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA,
ORLANDO DIVISION

United States of America

v.

Candace L. Cooper

Case No. 94-155-Cr-Orl-19

VERDICT

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2. As to the offense of conspiracy to conduct financial transactions with the intent to promote mail fraud, We, the Jury, find the defendant, CANDACE L. COOPER: Not Guilty

3. As to the offense of conspiracy to conduct financial transactions with the intent to conceal or disguise the proceeds of mail fraud, We, the Jury, find the defendant, CANDACE L. COOPER: Not Guilty

4. As to the offense of conspiracy to engage in monetary transactions in criminally derived property, We, the Jury, find the defendant, CANDACE L. COOPER: Not Guilty

Count Two of the Indictment

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Count Three of the Indictment

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Count Four of the Indictment

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Count Thirty-Three of the Indictment

36. As to the offense of conducting a financial transaction with the intent to conceal or disguise the proceeds of mail fraud, We, the Jury, find the defendant, CANDACE L. COOPER: Not Guilty

SO SAY WE ALL this 15th day of August, 1995.

/s/ Foreman

[Certification of copy by Clerk omitted]

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA,
ORLANDO DIVISION

UNITED STATES OF AMERICA

v.

LOUIS J. HEVEY

Case No. 95-69-Cr-Orl-19

PLEA AGREEMENT

A. Particularized Terms

Pursuant to Fed. R. Crim. P. 11(e), the United States of America, by Charles R. Wilson, United States Attorney for the Middle District of Florida, and the defendant, LOUIS J. HEVEY, and the attorney for the defendant, Manuel Socias, mutually agree as follows:

1. Count Pleading To

The defendant shall enter a plea of guilty to Count One of an Information, which charges the defendant with conspiracy to commit mail fraud and structuring transactions for the purpose of avoiding currency transaction reporting requirements, in violation of Title 18, United States Code, Section 371.

2. Maximum Penalties

Count One carries a maximum sentence of five years, a fine of $250,000, a term of supervised release of three years and a special assessment of $50, said special assessment to be due on the date of sentencing. When applicable, the Court may also order the defendant to make restitution to any victim of the offense, as set forth below.

3. Elements of the Offense

The defendant acknowledges understanding the nature and elements of the offense with which defendant has been charged and to which defendant is pleading guilty. The elements of Count One are:

First: That two or more persons, in some way or manner, came to a mutual understanding to try to accomplish a common and unlawful plan, as charged in the indictment;

Second: That the Defendant willfully became a member of such conspiracy;

Third: That one of the conspirators during the existence of the conspiracy knowingly committed at least one of the methods (or "overt acts") described in the indictment; and

Fourth: That such "overt act" was knowingly committed at or about the time alleged in an effort to carry out or accomplish some object of the conspiracy.

4. Indictment Waiver

Defendant will waive the right to be charged by way of indictment before a federal grand jury.

5. Adjusted Offense Level

Pursuant to Fed. R. Crim, P, 11(e)(1)(B), the government will recommend to the Court that the defendant's adjusted offense level be calculated as follows pursuant to U.S.S.G.:

Mail Fraud Conspiracy Guidelines

2F 1. I (a)	Base level	6
2F I - I (b)(1)(D)	More than $5,000,000 loss	14
2F 1. 1 (b) (2)	More than minimal planning	2
2F- I - I (b)(3)(B)	Violation of judicial order	2
	Total:	24

Structuring Conspiracy Guidelines

2Si.3(a)	Base offense level	6
2F 1. I (b) (1) (I)	More than $200,000	8
2SI.3(b)(1)	Defendant knew funds were proceeds of unlawful activity or ntended to promote illegal activity	2
	Total	16

The parties would further recommend to the Court that, pursuant to Section 3D1.2(b), the mail fraud and conspiracy guidelines be grouped together in a single Group, and that, pursuant to Section 3D1-3(a), the higher offense level of 24, be used as the appropriate offense level. The defendant understands that this recommendation or request is not binding on the Court, and if not accepted by the Court the defendant will not be allowed to withdraw from the plea.

6. Acceptance of Responsibility

At the time of sentencing, and in the event that no adverse information is received suggesting such a recommendation to be unwarranted, the United States will recommend to the Court that the defendant receive a three level downward adjustment for acceptance of responsibility, pursuant to U.S.S.G. § 3E1.1. The defendant understands that this recommendation or request is not binding on the Court, and if not accepted by the Court the defendant will not be allowed to withdraw from the plea.

7. Low End

At the time of sentencing, and in the event that no adverse information is received suggesting such a recommendation to be unwarranted, the United States will recommend to the Court that the defendant receive a sentence at the low end of the applicable guideline range, as calculated by the Court. The defendant understands that this recommendation or request is not binding on

the Court, and if not accepted by the Court the defendant will not be allowed to withdraw from the plea.

8. Substantial Assistance

Defendant agrees to cooperate fully with the United States in the investigation and prosecution of other persons, and to testify, subject to a prosecution for perjury or making a false statement, fully and truthfully before any federal court proceeding or federal grand jury in connection with the charges in this case and other matters, such cooperation to further include a full and complete disclosure of all relevant information, including production of any and all books, papers, documents and other objects in defendant's possession or control, and to be reasonably available for interviews which the United States may require. If the cooperation is completed prior to sentencing, the government agrees to consider whether such cooperation qualifies as "substantial assistance" pursuant to 18 U.S.C. § 3553(e), U.S.S.G. § 5K1.1, and the policy of the United States Attorney for the Middle District of Florida, warranting the filing of a motion at the time of sentencing, recommending a downward departure from the applicable guideline range. If the cooperation is completed subsequent to sentencing, the government agrees to consider whether such cooperation qualifies as "substantial assistance" pursuant to Fed. R. Crim. P. 35(b), and the policy of the United States Attorney for the Middle District of

Florida, warranting the filing of a motion for a reduction of sentence within one year of the imposition of sentence. In either case, the defendant understands that the determination as to whether "substantial assistance" has been provided rests solely with the government, and the defendant agrees that defendant cannot and will not challenge that decision, whether by appeal, collateral attack or otherwise.

9. Section 1B1.8

Pursuant to U.S.S.G. § 1B1.8(a), the United States agrees that no self-incriminating information which the defendant may provide during the course of defendant's cooperation shall be used

in determining the applicable sentencing guideline range, subject to the restrictions and limitations set forth in U.S.S.G. § 1B1.8(b).

10. Cooperation

The defendant agrees to cooperate fully with the United States in the investigation and prosecution of other persons, and to testify fully and truthfully before any and all federal grand juries and at any trials or other proceedings in connection with any of the cases, charges or matters noted herein, and any related cases. The defendant further agrees to be reasonably available for all interviews which the United States may require. The defendant further agrees to make full and complete disclosure of all relevant information, including production of any and all books, papers, documents and other objects in the defendant's possession and control.

11. Cooperation - Responsibilities of Parties

a. The government will make known to the Court and other relevant authorities the nature and extent of defendant's cooperation and any other mitigating circumstances indicative of the defendant's rehabilitative intent by assuming the fundamental civic duty of reporting crime. However, the defendant understands that the government can make no representation that the Court will impose a lesser sentence solely on account of, or in consideration of, such cooperation.

b. It is understood that should the defendant knowingly provide incomplete or untruthful testimony, statements or information pursuant to this agreement, or should the defendant falsely implicate or incriminate any person, or should the defendant fail to voluntarily and unreservedly disclose and provide full, complete, truthful and honest knowledge, information, and cooperation regarding any of the matters noted herein, the following conditions shall apply:

1) The defendant may be prosecuted for any perjury or false declarations, if any, committed while testifying pursuant to this agreement, or for obstruction of justice.

2) The United States may prosecute the defendant for the charges which are to be dismissed pursuant to this agreement, if any, and may either seek reinstatement of or refile such charges and prosecute the defendant thereon in the event such charges have been dismissed pursuant to this agreement. With regard to such charges, if any, which have began dismissed, the defendant, being fully aware of the nature of all such charges now pending in the instant case, and being further aware of defendant's rights, as to all felony charges pending in such cases (those offenses punishable by imprisonment for a term of over one year), to not be held to answer to said felony charges unless on a presentment or indictment of a grand jury, and further being aware that all such felony charges in the instant case have heretofore properly been returned by the indictment of a grand jury, does hereby agree to reinstatement of such charges by recision of any order dismissing them or, alternatively, does hereby waive, in open court, prosecution by indictment and consents that the United States may proceed by information instead of by indictment with regard to any felony charges which may be dismissed in the instant case, pursuant to this plea agreement, and the defendant further agrees to waive the statute of limitations and any speedy trial claims on such charges.

3) The United States may prosecute the defendant for any offenses set forth herein, if any, the prosecution of which in accordance with this agreement, the United States agrees to forego, and the defendant agrees to waive the statute of limitations and any speedy trial claims as to any such offenses.

4). The government may use against the defendant his own admissions and statements and the information and books, papers, documents and objects that he himself has furnished in the course of his co-operation with the government.

5) The defendant will not be permitted to withdraw the guilty plea to those counts to which defendant hereby agrees to plead in the instant case, but in that event defendant will be entitled to the sentencing limitations, if any, set forth in this plea agreement, with regard to those counts to which the defendant has pled; or in the alternative, at the option of the United States, the United States may move the Court to declare this entire plea agreement null and void.

B. Standard Terms and Conditions

1. Restitution. Special Assessment and Fine

The defendant understands and agrees that the Court may also, in addition to or in lieu of any other penalty, order the defendant to make restitution to any victim of the offense(s), pursuant to 18 U.S.C. § 3663 (offenses committed on or after 11/1/87) or section 3579, including restitution as to all counts charged, whether or not the defendant enters a plea of guilty to such counts, and whether or not such counts are dismissed pursuant to this agreement. On each count to which a plea of guilty is entered, the Court shall impose a special assessment, to be payable to the Clerk's Office, United States District Court, and due on date of sentencing. The defendant understands that this agreement imposes no limitation as to fine.

2. Supervised Release

The defendant understands that the offense to which the defendant is pleading provides for imposition of a term of supervised release upon release from imprisonment, and that, if the defendant should violate the conditions of release, the defendant would be subject to a further term of imprisonment.

3. Sentencing Information

The United States reserves its right and obligation to report to the Court and the United States Probation Office all information concerning the background, character and conduct of the defendant, to provide relevant factual information, including the totality of the defendant's criminal activities, if any, not limited to the count(s) to which defendant pleads, to respond to comments made by the defendant or defendant's counsel and to correct ally misstatements, or inaccuracies. The United States further reserves its right to make any recommendations it deems appropriate regarding the disposition of this case, subject to any limitations set forth herein, if any.

The defendant agrees, and by the execution of this plea agreement, authorizes the United States Attorney's Office to

provide to and obtain from the United States Probation Office or any victim named in an order of restitution, or any other source, any of the defendant's federal, state and local tax returns, bank records and any other financial information concerning the defendant, for the purpose of making any recommendations to the Court and for collecting any assessments, fines, restitution or forfeiture ordered by the Court.

4. Sentencing Guidelines and Recommendations

It is understood by the parties that the Court is neither a party to nor bound by this agreement. The Court may accept or reject the agreement, or defer a decision until it has had an opportunity to consider the presentence report prepared by the United States Probation Office. The defendant understands and acknowledges that, although the parties are permitted to make recommendations and present arguments to the Court, the sentence and the sentencing guidelines, if any, applicable to defendant's case will be determined solely by the Court, with the assistance of the United States Probation Office. Defendant understands that the Court is required to consider any applicable sentencing guidelines but may depart from these guidelines under some circumstances. Defendant acknowledges that defendant and defendant's attorney have discussed the sentencing guidelines and defendant understands how the guidelines are applicable to defendant's case. Defendant further understands and acknowledges that any discussions between defendant or defendant's attorney and the attorney or other agents for the government regarding the potential application of the sentencing guidelines to defendant's case and any recommendations by the government are not binding on the United States Probation Office or the Court and that, should any recommendations be rejected, and regardless of the guidelines calculated by the Probation Office or the Court, defendant will not be permitted to withdraw defendant's plea pursuant to this Plea Agreement. The government expressly reserves the night to support and defend any decision that the Court may make with regard to the defendant's sentence, whether or not such decision is consistent with the government's recommendations contained herein.

5. Appeal of Sentence; Waiver

The defendant understands and acknowledges that defendant's sentence will be determined and imposed in conformance with the Comprehensive Crime Control Act of 1994, and the federal sentencing guidelines. Defendant is also aware that a sentence imposed under the sentencing guidelines does not provide for parole. Knowing these facts, the defendant agrees that this Court has jurisdiction and authority to impose any sentence tip to the statutory maximum set forth for the offense, and pursuant to the sentencing guidelines, and expressly waives the right to appeal defendant's sentence, directly or collaterally, on any ground except for an upward departure by the sentencing judge or a sentence above the statutory maximum or a sentence in violation of the law apart from the sentencing guidelines; provided, however, that if the government exercises its right to appeal the sentence imposed, as authorized by 18 U.S.C. § 3742(b), the defendant is released from this waiver and may appeal the sentence as authorized by 18 U.S.C. § 3742(a).

6. Middle District of Florida Agreement

It is further understood that this agreement is limited to the Office of the United States Attorney for the Middle District of Florida and cannot bind other federal or local prosecuting authorities, although this Office will bring defendant's cooperation, if any, to the attention of other prosecuting officers or others, if requested.

7. Filing of Agreement

This agreement shall be presented to the Court, in open court or in camera, in whole or in part, upon a showing of good cause, and filed in this cause, at the time of defendant's entry of a plea of guilty pursuant hereto.

8. Voluntariness

The defendant acknowledges that defendant is entering into this agreement and is pleading guilty freely and voluntarily without

reliance upon any discussions between the attorney for the government and the defendant and defendant's attorney and without promise of benefit of any kind (other than the concessions contained herein), and without threats, force, intimidation or coercion of any kind. The defendant further acknowledges defendant's understanding, of the nature of the offense or offenses to which defendant is pleading guilty, and the elements thereof, including, the penalties provided by law, and defendant's complete satisfaction with the representation and advice received from defendant's undersigned counsel (if any). The defendant also understands that defendant has the right to plead not guilty or to persist in that plea if it has already been made, and that defendant has the right to be tried by a jury with the assistance of counsel, the right to confront and cross-examine the witnesses against defendant, the right against compulsory self-incrimination and the right to compulsory process for the attendance of witnesses to testify in defendant's defense; but by pleading guilty defendant waives or gives up those rights and there will be no trial. The defendant further understands that if defendant pleads guilty, the Court may ask defendant questions about the offense or offenses to which defendant pleaded, and if defendant answers those questions under oath, on the record, and in the presence of counsel (if any), defendant's answers may later be used against defendant in a prosecution for perjury or false statement. The defendant also understands that defendant will be adjudicated guilty of the offenses to which defendant has pleaded and, if any of such offenses are felonies, may thereby be deprived of certain rights, such as the right to vote, to hold public office, to serve on a jury, or to have possession of firearms.

9. Factual Basis

Defendant is pleading guilty because defendant is in fact guilty. The defendant certifies that defendant does hereby admit that the facts set forth below are true, and were this case to go to trial, the United States would be able to prove those facts beyond a reasonable doubt:

FACTS

1. At all times material herein:

a. Twentieth Century Financial Corporation of America (Twentieth Century Financial Corporation or TCFCA) was incorporated in the state of Florida, and conducted business in North Carolina, Florida, and elsewhere. Glenn H. Martin was the Chief Executive Officer, President, majority stockholder and Chairman of the Board of Directors; Candace L. Cooper was the Corporate Secretary and a member of the Board of Directors; and defendant LOUIS J. HEVEY was the Corporate Treasurer. Twentieth Century Financial Corporation maintained a checking account at Sun Bank, Orlando , Florida.

b. Twentieth Century Life Insurance Company (Twentieth Century Life or TCL), a wholly-owned subsidiary of Twentieth Century Financial Corporation, was incorporated and chartered in the state of North Carolina, and conducted business in North Carolina, Florida, and elsewhere. Glenn H. Martin was the Chief Executive Officer, President, and Chairman of the Board of Directors; Candace L. Cooper was the Corporate Secretary and only other member of the Board of Directors; and defendant LOUIS J. HEVEY was the Corporate Treasurer. Twentieth Century Life maintained corporate checking accounts at Sun Bank, Orlando, Florida.

c. Twentieth Century Life sold various types of insurance policies, including single premium whole life insurance policies, as well as single premium annuities, to its policy holders. These whole life insurance policies and annuities would accumulate cash values which could be redeemed by the policy holder or owner of the insurance policy or annuity (hereinafter policy holders or insured) under certain conditions specified in the life insurance policy or annuity. These policies also required Twentieth Century Life to pay death benefits in the event of death of the insured. Twentieth Century Life was also required by law to set up a reserve fund for these accumulated cash value and death benefits. These reserve funds were required to he held in a trust fund to be expended only for the benefit of policy holders. The ability of Twentieth Century Life to pay its contractual liabilities to policy holders and to hold and maintain the reserve

funds required by law depended upon the financial soundness and liquidity (ability to pay current obligations) of the life insurance company.

d. The primary responsibility to make required payments to policy holders remained at all times with Twentieth Century Life. However, as additional protection for the policy holders of Twentieth Century Life and other life insurance companies, many state legislatures created insurance guaranty associations. Specifically, the states of North Carolina and Florida created by legislation the North Carolina Life, Accident, and Health Insurance Guaranty Association and the Florida Life and Health Insurance Guaranty Association, respectively, both non-profit entities or agencies. Subject to certain restrictions, the North Carolina Life, Accident, and Health Insurance Guaranty Association was required by law to reimburse all policy holders of life insurance companies domiciled within the state of North Carolina in the event of the insolvency or failure of any such life insurance company. Subject to certain restrictions, the Florida Life and Health Insurance Guaranty Association was required by law to reimburse policy holders residing in the state of Florida in the event of the insolvency or failure of a life insurance company licensed to do business within the state of Florida. These guaranty associations were funded through fees assessed all licensed life insurance companies licensed to write business in the respective states.

e. As a condition of receiving a license to conduct business in the states of North Carolina and Florida, and to qualify for the protection of the North Carolina and Florida insurance guaranty associations for its policy holders, life insurance companies doing business in said states were required to submit to regulation by the state of North Carolina, through the North Carolina Department of Insurance, and by the state of Florida, through the Florida Department of Insurance. The North Carolina and Florida insurance guaranty associations relied upon said insurance departments to regulate and periodically audit and monitor the operations of such life insurance companies to determine whether the companies were making approved investments and maintaining proper reserves as required by North Carolina and Florida statutes. These statutes were intended to require insurance companies to maintain prudent investments and

adequate financial reserves so that the insurance company would remain financially solvent and be able to meet their current and long term obligations, so as to insure the integrity of the insurance guaranty funds.

f. Financial Security Corporation of America (FSCA) was incorporated in the state of Florida, did business in North Carolina, Florida, and elsewhere, and marketed Twentieth Century Life Insurance Company products through various insurance agents. Glenn H. Martin was the Chief Executive Officer, Candace L. Cooper was the Vice-President, and defendant LOUIS J. HEVEY was the Chief Financial Officer. FSCA maintained a checking account at Sun Bank, Orlando, Florida.

g. Martin's Home and Hobby House, Inc. (MHH), was incorporated in the state of Florida. Evelyn M. Martin, wife of Glenn H. Martin, was the majority stockholder. MHH maintained checking accounts at Central National Bank (CNB), Winter Park, Florida, and at Sun Bank, Orlando, Florida. Martin's Home and Hobby House, Inc. was a separate entity from Twentieth Century Life.

h. Glenn H. Martin maintained several personal checking accounts, including:

(1) Account number 0411008307 at Bank of Central Florida (BCF), Orlando, Florida in the name of Glenn H. Martin, CLU-CHFC Insurance;

(2) Account number 0215252009243 at Sun Bank, Orlando, Florida in the name of Glenn H. Martin, CLU-CHFC Insurance;

(3) Account number 0776765980542 at Sun Bank, Orlando, Florida in the name of Glenn H. Martin; and

(4) Account number 0871147755 at American Pioneer Savings Bank, Winter Park, Florida (subsequently changed to account number 361-147556 at Southeast Bank, Winter Park, Florida), in the name of Glenn H. Martin/20th Account.

i. From on or about January 1, 1988 until on or about March 31, 1989, Twentieth Century Life advanced approximately $6,300,000 to related companies owned or controlled by Glenn H.

Martin, which companies in turn advanced a substantial portion of such proceeds to the personal use and benefit of Glenn H. Martin.

j. On or about June 8, 1989, and continuing thereafter, due to the concerns of the North Carolina Department of Insurance about financial transactions between Twentieth Century Life and related companies owned or controlled by Glenn H. Martin, and about the solvency and liquidity of Twentieth Century Life, and the soundness of its assets, and to protect the property interests of the Twentieth Century Life policy holders and the North Carolina Life, Accident, and Health Insurance Guaranty Association, the North Carolina Department of Insurance entered into a supervisory agreement with Twentieth Century Life which required Twentieth Century Life to be subject to the direct supervision of the North Carolina Department of Insurance and to abide by certain terms as a condition to being permitted to continue to operate in the life insurance field, including the following terms:

(1) That Twentieth Century Life would not make any withdrawals from any of its bank accounts without the approval of the North Carolina Department of Insurance;

(2) That Twentieth Century Life would not advance, and or invest any of its funds without the approval of the North Carolina Department of Insurance;

(3) That Twentieth Century Life would not enter into any transactions with related parties which transactions the North Carolina Department of Insurance determined to be excessive and not in the ordinary course of business;

(4) That Twentieth Century Life would deposit all receipts to accounts under the name and control of Twentieth Century Life; and

(5) That Twentieth Century Life would make all corporate books and records available to the North Carolina Department of Insurance and Twentieth Century Life would not remove books and records without the approval of the North Carolina Department of Insurance approval.

k. On or about June 16, 1989, due to the concerns of the Florida Department of Insurance about financial transactions between Twentieth Century Life and related companies owned or

controlled by Glenn H. Martin, and about the solvency and liquidity of Twentieth Century Life, and the soundness of its assets, and to protect the property interests of the Twentieth Century Life policy holders and the Florida Life and Health Insurance Guaranty Association, the Florida Department of Insurance issued a Cease and Desist Order prohibiting Twentieth Century Life from writing any new business in the State of Florida.

l. On or about August 1, 1989, the Florida Department of Insurance issued a Consent Order which modified its June 16, 1989, Cease and Desist Order. This Consent Order granted Twentieth Century Life a limited reinstatement of authority to write new business in Florida, subject to several conditions, including the following:

(1) That for every one dollar of Florida gross monthly premiums

from the date of the Consent Order up to and including December 31, 1989 received by Twentieth Century Life, Twentieth Century Life was required to place on deposit an amount equal to one dollar in trust with the Florida Department of Insurance, not to exceed a total of all deposits with the Florida Department of Insurance of $1.45 million;

(2) That Twentieth Century Life was required to limit its gross new Florida business monthly premiums to $200,000 or less for August 1989, and $500,000 or less per month for the period from September 1, 1989, through December 15, 1989, for a total of $2,200,000 or less for August 1, 1989 through December 15, 1989; and

(3) That Twentieth Century Life was not to make any disbursements from its bank accounts without the prior approval of the North Carolina Department of Insurance or Florida Department of Insurance.

m. On or about December 15, 1989, the Florida Department of Insurance extended its August 1, 1989 Consent Order, permitting Twentieth Century Life to continue writing new business, other than annuities, in Florida until March 31, 1990. This extension continued the previous terms of the Order and allowed Twentieth Century Life to continue accepting new

premiums of $500,000 or less per month, for a total of $1,750,000 for the period of December 15, 1989 until March 31, 1990. The new order prohibited Twentieth Century Life from issuing any new annuity policies at all in the state of Florida.

2. From on or about June 8, 1989 until on or about April 14, 1991, in Orange County, Florida, in the Middle District of Florida, in Tallahassee, Florida, in the Northern District of Florida, in Raleigh, North Carolina, and elsewhere, LOUIS J. HEVEY, and others agreed to do and did the following:

a. Glenn H. Martin and Candace L. Cooper would cause to be sold certain Twentieth Century Life single premium life and annuity insurance policies to potential policy holders of Twentieth Century Life, by falsely representing Twentieth Century Life to be a financially sound and solvent life insurance company; by offering to pay interest or dividend rates of 10 to 10-1/2 percent, failing to disclose to said potential policy holders that Twentieth Century Life was not earning sufficient income from its investments to pay the promised interest or dividend rates and that the ability to repay the principal and interest to existing policy holders. Glenn H. Martin intended to intentionally circumvent and disobey the consent decrees and agreements with the North Carolina and Florida Departments of Insurance.

b. the defendant and other co-conspirators, in violation of the restrictions of the consent decrees and agreements between Twentieth Century Life and the North Carolina Department of Insurance and the Florida Department of Insurance, and without disclosure to the policy holders, the North Carolina Department of Insurance, the Florida Department of Insurance, or the other members of the Board of Directors and minority stockholders of Twentieth Century Financial Corporation, would not record the sale of such unrecorded policies on the official books and records of Twentieth Century Life, and would not report the sale of such unrecorded policies to the North Carolina Department of Insurance and the Florida Department of Insurance, or the other members of the Board of Directors and minority stockholders;

c. Candace L. Cooper would keep a handwritten log of the policies that had been sold and not reported to the North

Carolina Department of Insurance and the Florida Department of Insurance;

d. defendant LOUIS J. HEVEY would keep a handwritten schedule of moneys received from the sale of said unrecorded policies;

e. the defendant and other co-conspirators would submit and cause to be submitted false reports to the North Carolina Department of Insurance and the Florida Department of Insurance concerning the amount of money received from the sale of the unrecorded policies sold by Twentieth Century Life;

f. the defendant and other co-conspirators would open bank accounts for the purpose of depositing and utilizing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life, and would not disclose the existence of said bank accounts or the moneys deposited to said bank accounts to the North Carolina Department of Insurance and the Florida Department of Insurance or to the other members of the Board of Directors and minority stockholders of Twentieth Century Financial Corporation;

g. the defendant and other co-conspirators would submit and cause to be submitted false reports to the North Carolina Department of Insurance and the Florida Department of Insurance concerning, the amount of premiums collected;

h. the defendant and other co-conspirators also concealed from its outside auditors the sale of the unrecorded policies sold by Twentieth Century Life, the existence of the Twentieth Century bank accounts utilized to deposit the moneys front the sale of the unrecorded policies, thereby causing the outside auditors to prepare false and incomplete financial statements of Twentieth Century Life and Twentieth Century Financial Corporation for presentation to the Board of Directors of Twentieth Century Financial Corporation.

i. Glenn H. Martin, for the purpose of lulling the minority shareholders into a false sense of security about the strength of their investment in Twentieth Century Financial Corporation, would cause to be mailed to minority shareholders of Twentieth Century Financial Corporation letters and documents that falsely portrayed Twentieth Century Financial Corporation and Twentieth Century Life as financially solvent corporations with promising financial futures, failing to disclose the precarious

financial conditions of Twentieth Century Financial Corporation and Twentieth Century Life;

j. Glenn H. Martin would receive approximately $250,000 cash from the sale of five $50,000 single premium annuity policies, which cash was placed into the office safe of GLENN H. MARTIN. Thereafter, in order to evade the currency transaction reporting requirements of Title 31, United States Code, Section 5313(a), which required a Currency Transaction Report to be filed with the United States Treasury by any financial institution receiving a deposit in excess of $10,000 cash, defendant LOUIS J. HEVEY and other co-conspirators structured a series of financial transactions in numerous cash deposits of less than $10,000 each over a period of approximately six weeks.

OVERT ACTS

3. In furtherance of the conspiracy and scheme to defraud, and to effect the objectives thereof, in the Middle District of Florida and elsewhere, the defendant and other co-conspirators performed one or more of the following overt acts:

(1) On or about June 21, 1989, Glenn H. Martin received $250,000 cash from the sale of five annuities, caused the sale of the annuities and receipt of the cash not to be reported in the official books and records of Twentieth Century Life, and placed or caused the money to be placed into an office safe.

(2) On or about June 27, 1989, the defendant and other co-conspirators opened and caused to be opened at American Pioneer Bank, Orlando, Florida, bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account."

(3) On or about the dates listed below, defendant LOUIS J. HEVEY instructed an employee of Twentieth Century Life to remove cash totaling $223,880 from the sale of the five annuities specified above and to deposit to federally-insured financial institutions cash in increments of less than $10,000.

(4) On or about August 1, 1989, Glenn H. Martin and Candace L. Cooper signed the Consent Order with the Florida Department of Insurance.

(5) From on or about August 28, 1989 until on or about August 31, 1989, the defendant deposited premiums on approximately twenty-three unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(6) From on or about September 1, 1989 until on or about September 30, 1989, the defendant deposited premiums on approximately thirty-five unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(7) From on or about October 1, 1989 until on or about October 31, 1989, the defendant deposited premiums on approximately twenty-nine unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(8) On or about the dates listed below, defendant LOUIS J. HEVEY submitted to the Florida Department of Insurance a schedule falsely reflecting the amount of new Florida premiums written by Twentieth Century Life for the time period listed below:

Date submitted	Time period of report	Amount of premiums reported	Amount of premiums actually received
10/19/89	08/01/89 to 09/30/89	$229,684.00	$1,355,251.00
10/31/89	10/01/89 to 10/15/89	$ 13,068.00	$ 197,446.00
11/15/89	10/01/89 to 10/31/89	$ 29,399.00	$ 843,568.00
11/30/89	11/01/89 to 11/15/89	$ 29,244.00	$ 463,718.00
12/18/89	11/01/89 to 11/30/89	$ 58,814.00	$1,496,985-00
01/03/90	12/01/89 to 12/15/89	$ 3 6, 8 09.00	$1,748,766.00
01/15/90	12/01/89 to 12/31/89	$ 96,019-00	$2,493,083.00

02/02/90	01/01/90 to 01/15/90	$101,888.00	$ 195,646.00
02/15/90	01/01/90 to 01/31/90	$495,524.00	$ 363,366.00
03/01/90	02/01/90 to 02/15/90	$375,506.00	$ 21,306.00

(9) On or about the dates listed below, defendant LOUIS J. HEVEY submitted and caused to be submitted to the Florida Department of Insurance Bureau of Collateral Securities, to be held in trust by said department, Certificate of Deposits payable to Twentieth Century Life from Sun Bank, in the amounts listed below, which amounts were substantially less than the amount of actual premiums received by Twentieth Century Life, as required by the agreements with the Florida Department of Insurance:

Date submitted	Amount of CD
10/25/89	$200,000.00
10/31/89	$ 15,000.00
11/01/89	$50,000.00
11/15/89	$10,000.00
11/30/89	$25,000.00
12/18/89	$30,000.00
01/03/90	$95,000.00
02/01/90	$205,000.00
02/15/90	$300,000.00
03/01/90	$70,000.00

(10) From on or about November 1, 1989 until on or about November 30, 1989, the defendant deposited premiums on approximately thirty unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies, without recording the existence of the policies in the official books and records of Twentieth Century Life.

(11) On or about November 16, 1989, the defendant and other coconspirators submitted and caused to be submitted to the North Carolina Department of Insurance, Twentieth Century Life's September 30, 1989 Quarterly Statement, which report was

false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence or the balance of the American Pioneer Bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account," which bank account was utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(12) On or about November 17, 1989, the defendant and other co-conspirators submitted and caused to be submitted to the Florida Department of Insurance, Twentieth Century Life's September 30, 1989 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the American Pioneer Bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account," which bank account was utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(13) On or about December 1, 1989, the defendant and other co-conspirators submitted and caused to be submitted to the Florida Department of Insurance, Twentieth Century Life's Amended September 30, 1989 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of the balance in the American Pioneer Bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account," which bank account was utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(14) From on or about December 1, 1989 until on or about December 3 1, 1989, the defendant deposited premiums on approximately fifty-five unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(15) On or about December 15, 1989, Glenn H. Martin and Candace L. Cooper signed the Consent Order with the Florida Department of Insurance.

(16) On or about December 22, 1989, the defendant and other co-conspirators opened or caused to be opened at

Central National Bank, Winter Park, Florida, account number 0001007808, entitled "20th Century Life Insurance Company."

(17) From on or about January 1, 1990 until on or about January 31, 1990, the defendant deposited premiums on approximately fifty-seven unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(18) From on or about February 1, 1990 until on or about February 28, 1990, the defendant deposited premiums on approximately twenty-one unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(19) On or about February 18, 1990, the defendant and other co-conspirators submitted and caused to be submitted to the Florida Department of Insurance Twentieth Century Life's 1989 Annual Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the American Pioneer Bank account number 870610537, entitled "20th Century Life Insurance Co. Commissions Account," or the Central National Bank account number 0001007808, entitled "20th Century Life Insurance Company," both of which bank accounts were utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(20) On or about February 28, 1990, the defendant and other co-conspirators submitted and caused to be submitted to the North Carolina Department of Insurance Twentieth Century Life's 1989 Annual Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the American Pioneer Bank account number 870610537, entitled "20th Century Life Insurance Co. Commissions Account," or the Central National Bank account number 0001007808, entitled "20th Century Life Insurance Company," both of which bank accounts were utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(21) From on or about March 1, 1990 until on or about March 31, 1990, the defendant deposited premiums on approximately thirty-eight unrecorded single premium whole life

or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(22) On or about March 14, 1989, the defendant and other co-conspirators opened or caused to be opened at Florida National Bank (subsequently changed to First Union National Bank of Florida), Maitland, Florida, account number 0876036750 (subsequently changed to 14160367501), entitled "Twentieth Century Life Insurance Co."

(23) On or about March 26, 1990, Glenn H. Martin submitted and caused to be submitted to the Florida Department of Insurance a letter in which he stated "I believe Twentieth has complied with the material portions of the August and December Consent Orders."

(24) From on or about April 1, 1990 until on or about April 30, 1990, the defendant deposited premiums on approximately sixty-seven unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(25) From on or about May 1, 1990 until on or about May 31, 1990, the defendant deposited premiums on approximately twenty seven unrecorded single premium whole life or annuity policies, and Candice L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(26) On or about May 15, 1990, the defendant and other co-conspirators submitted and caused to be submitted to the North Carolina Department of Insurance Twentieth Century Life's March 31, 1990 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the American Pioneer Bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account," the Central National Bank account number 0001007808, entitled "20th Century Life Insurance Company," or the First Union National Bank of Florida account number 14160367501, entitled "Twentieth Century Life Insurance Co.," all of which bank accounts were utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(27) On or about May 16, 1990, the defendant and other co-conspirators submitted and caused to be submitted to the Florida Department of Insurance Twentieth Century Life's March 31, 1990 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the American Pioneer Bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account," the Central National Bank account number 0001007808, entailed "20th Century Life Insurance Company," or the First Union National Bank of Florida account number 14160367501, entitled "Twentieth Century Life Insurance Co.," all of which bank accounts were utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(28) From on or about June 1, 1990 until on or about June 30, 1990, the defendant deposited premiums on approximately sixteen unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(29) On or about June 22, 1990, Glenn H. Martin mailed or caused to mailed a letter to stockholders of Twentieth Century Financial Corporation, discussing in part the purported "outstanding growth and increased revenues" of Twentieth Century Life, failing to disclose the precarious financial conditions of Twentieth Century Financial Corporation and Twentieth Century Life.

(30) On or about June 26, 1990, Glenn H. Martin mailed or caused to be mailed a letter to stockholders of Twentieth Century Financial Corporation, which letter enclosed a "Shareholders'/Policyholders' Question and Answers Insurance Industry Supplement," which enclosure presented Twentieth Century Life as a successful, ongoing business concern, failing to disclose the precarious financial condition of Twentieth Century Financial Corporation and Twentieth Century Life.

(31) From on or about July 1, 1990 until on or about July 31, 1,990, the defendant deposited premiums on approximately three unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to who sold the policies.

(32) On or about July 18, 1990, Candace L. Cooper instructed Louise Angela Foulkes (Foulkes), Vice President of Administration of Twentieth Century Life Insurance Company, to enter the five $50,000 unrecorded annuities on the Twentieth Century Life computer system.

(33) On or about July 20, 1990, Candace L. Cooper instructed Foulkes on how to process any unrecorded policy applications while Cooper was away from the office.

(34) From on or about August 1, 1990 until on or about August 31, 1990, the defendant deposited premiums on approximately seven unrecorded single premium whole life or annuity policies, and Candace L. Cooper subsequently caused the policies to be mailed to the agents who sold the policies.

(35) On or about August 13, 1990, the defendant and other co-conspirators submitted and caused to be submitted to the Florida Department of Insurance Twentieth Century Life's June 30, 1990 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the Central National Bank account number 0001007808, entitled "20th Century Life Insurance Company," or the First Union National Bank of Florida account number 14160367501, entitled "Twentieth Century Life Insurance Co.," both of which bank accounts were utilized for deposit the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(36) On or about August 13, 1990 the defendant and other co-conspirators submitted and caused to be submitted to the North Carolina Department of Insurance Twentieth Century Life's June 30, 1990 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the Central National Bank account number 0001007808, entitled "20th Century Life Insurance Company," or the First Union National Bank of Florida account number 14160367501, entitled "Twentieth Century Life Insurance Co.," both of which bank accounts were utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(37) On or about September 9, 1990, the defendant deposited premiums on one unrecorded single premium whole life or annuity policy, and Candace L. Cooper subsequently caused the policy to be mailed to the agent who sold the policy.

(38) On or about September 14, 1990, Candace L. Cooper, at the direction of Glenn H. Martin, instructed Foulkes to enter the unrecorded policies on the Twentieth Century Life computer system.

(39) From on or about September 16, 1990 through on or about September 21, 1990, Foulkes entered or caused to he entered all of the unrecorded policies on the Twentieth Century Life IBM computer system.

(40) From on or about August 28, 1989 until on or about September 9, 1990, Glenn H. Martin and Candace L. Cooper issued and caused to be issued approximately 409 unrecorded policies.

(41) From on or about August 25, 1989 until on or about August 31, 1990, the defendant and other co-conspirators deposited and caused to be deposited into various bank accounts approximately $9,500,000 from the sale of unrecorded policies.

(42) On or about October 10, 1990, Glenn R. Martin mailed or caused to be mailed a letter to stockholders of Twentieth Century Financial Corporation, which letter stated that Twentieth Century Financial Corporation was in the process of finalizing a public stock offering of a wholly-owned subsidiary, 21st Century Financial Corporation of America, failing to disclose the precarious financial conditions of Twentieth Century Financial Corporation and Twentieth Century Life.

(43) On or about February 12, 13, and 14, 1991, at the instruction of Candace L. Cooper, the unrecorded policies were transferred from Twentieth Century Life IBM computer to the Hewlett Packard computer by employees of Twentieth Century Life Insurance Company.

The government stipulates that there is no evidence that the defendant engaged in the above referenced activities with the intent of deriving a personal

benefit, other than to prevent his termination of employment by Glenn H. Martin.

10. Entire Agreement

This Plea Agreement constitutes the entire agreement between the government and the defendant with respect to the aforementioned guilty plea and no other promises, agreements or representations exist or have been made to the defendant or defendant's attorney with regard to such guilty plea.

11. Certification

The defendant and defendant's counsel certify that this Plea Agreement has been read in its entirety by (or has been read to) the defendant and that defendant fully understands its terms.

Dated this 9th day of November, 1994.

CHARLES R. WILSON
United States Attorney

By /s/ Thomas W. Tumer
Assistant United States Attorney

By /s/ Edward C. Nucci
Managing Assistant U.S. Attorney

/s/ Louis J. Hevey
Defendant

/s/ Manuel Socias
Attorney for Defendant

[Certification of copy by Clerk omitted]

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA,
ORLANDO DIVISION

United States Of America

v.

Glenn H. Martin and Candace L. Cooper

Case No. 94-155-CR-ORL-19

INDICTMENT

The Grand Jury charges:

COUNT ONE

1. At all times material to this Indictment:

a. Twentieth Century Financial Corporation of America (Twentieth Century Financial Corporation or TCFCA) was incorporated in the state of Florida, and conducted business in North Carolina, Florida, and elsewhere. Defendant GLENN H. MARTIN was the Chief Executive Officer, President, majority stockholder and Chairman of the Board of Directors; defendant CANDACE L. COOPER was the Corporate Secretary and a member of the Board of Directors; and Louis J. Hevey was the Corporate Treasurer. Twentieth Century Financial Corporation maintained a checking account at Sun Bank, Orlando , Florida.

b. Twentieth Century Life Insurance Company (Twentieth Century Life or TCL), a wholly-owned subsidiary of Twentieth Century Financial Corporation, was incorporated and chartered in the state of North Carolina, and conducted business in North Carolina, Florida, and elsewhere. Defendant GLENN H. MARTIN was the Chief Executive Officer, President, and Chairman of the Board of Directors; Candace L. Cooper was the Corporate Secretary and only other member of the Board of Directors; and Louis J. Hevey was the Corporate Treasurer.

Twentieth Century Life maintained corporate checking accounts at Sun Bank, Orlando, Florida.

c. Twentieth Century Life sold various types of insurance policies, including single premium whole life insurance policies, as well as single premium annuities, to its policy holders. These whole life insurance policies and annuities would accumulate cash values which could be redeemed by the policy holder or owner of the insurance policy or annuity (hereinafter policy holders or insured) under certain conditions specified in the life insurance policy or annuity. These policies also required Twentieth Century Life to pay death benefits in the event of death of the insured. Twentieth Century Life was also required by law to set up a reserve fund for these accumulated cash value and death benefits. These reserve funds were required to he held in a trust fund to be expended only for the benefit of policy holders. The ability of Twentieth Century Life to pay its contractual liabilities to policy holders and to hold and maintain the reserve funds required by law depended upon the financial soundness and liquidity (ability to pay current obligations) of the life insurance company.

d. The primary responsibility to make required payments to policy holders remained at all times with Twentieth Century Life. However, as additional protection for the policy holders of Twentieth Century Life and other life insurance companies, many state legislatures created insurance guaranty associations. Specifically, the states of North Carolina and Florida created by legislation the North Carolina Life, Accident, and Health Insurance Guaranty Association and the Florida Life and Health Insurance Guaranty Association, respectively, both non-profit entities or agencies. Subject to certain restrictions, the North Carolina Life, Accident, and Health Insurance Guaranty Association was required by law to reimburse all policy holders of life insurance companies domiciled within the state of North Carolina in the event of the insolvency or failure of any such life insurance company. Subject to certain restrictions, the Florida Life and Health Insurance Guaranty Association was required by law to reimburse policy holders residing in the state of Florida in the event of the insolvency or failure of a life insurance company licensed to do business within the state of Florida. These guaranty associations were funded through fees assessed all

licensed life insurance companies licensed to write business in the respective states.

e. As a condition of receiving a license to conduct business in the states of North Carolina and Florida, and to qualify for the protection of the North Carolina and Florida insurance guaranty associations for its policy holders, life insurance companies doing business in said states were required to submit to regulation by the state of North Carolina, through the North Carolina Department of Insurance, and by the state of Florida, through the Florida Department of Insurance. The North Carolina and Florida insurance guaranty associations relied upon said insurance departments to regulate and periodically audit and monitor the operations of such life insurance companies to determine whether the companies were making approved investments and maintaining proper reserves as required by North Carolina and Florida statutes. These statutes were intended to require insurance companies to maintain prudent investments and adequate financial reserves so that the insurance company would remain financially solvent and be able to meet their current and long term obligations, so as to insure the integrity of the insurance guaranty funds.

f. Financial Security Corporation of America (FSCA) was incorporated in the state of Florida, did business in North Carolina, Florida, and elsewhere, and marketed Twentieth Century Life Insurance Company products through various insurance agents. Defendant GLENN H. MARTIN was the Chief Executive Officer, defendant Candace L. Cooper was the Vice-President, and Louis J. Hevey was the Chief Financial Officer. FSCA maintained a checking account at Sun Bank, Orlando, Florida.

g. Martin's Home and Hobby House, Inc. (MHH), was incorporated in the state of Florida. Evelyn M. Martin, wife of defendant GLENN H. MARTIN, was the majority stockholder. MHH maintained checking accounts at Central National Bank (CNB), Winter Park, Florida, and at Sun Bank, Orlando, Florida. Martin's Home and Hobby House, Inc. was a separate entity from Twentieth Century Life.

h. Defendant Glenn H. Martin maintained several personal checking accounts, including:

(1) Account number 0411008307 at Bank of Central Florida (BCF), Orlando, Florida in the name of Glenn H. Martin, CLU-CHFC Insurance;

(2) Account number 0215252009243 at Sun Bank, Orlando, Florida in the name of Glenn H. Martin, CLU-CHFC Insurance;

(3) Account number 0776765980542 at Sun Bank, Orlando, Florida in the name of Glenn H. Martin; and

(4) Account number 0871147755 at American Pioneer Savings Bank, Winter Park, Florida (subsequently changed to account number 361-147556 at Southeast Bank, Winter Park, Florida), in the name of Glenn H. Martin/20th Account.

i. From on or about January 1, 1988 until on or about March 31, 1989, Twentieth Century Life advanced approximately $6,300,000 to related companies owned or controlled by defendant GLENN H. MARTIN, which companies in turn advanced a substantial portion of such proceeds to the personal use and benefit of defendant GLENN H. MARTIN.

j. On or about June 8, 1989, and continuing thereafter, due to the concerns of the North Carolina Department of Insurance about financial transactions between Twentieth Century Life and related companies owned or controlled by defendant GLENN H. MARTIN, and about the solvency and liquidity of Twentieth Century Life, and the soundness of its assets, and to protect the property interests of the Twentieth Century Life policy holders and the North Carolina Life, Accident, and Health Insurance Guaranty Association, the North Carolina Department of Insurance entered into a supervisory agreement with Twentieth Century Life which required Twentieth Century Life to be subject to the direct supervision of the North Carolina Department of Insurance and to abide by certain terms as a condition to being permitted to continue to operate in the life insurance field, including the following terms:

(1) That Twentieth Century Life would not make any withdrawals from any of its bank accounts without the approval of the North Carolina Department of Insurance;

(2) That Twentieth Century Life would not advance, and or invest any of its funds without the approval of the North Carolina Department of Insurance;

(3) That Twentieth Century Life would not enter into any transactions with related parties which transactions the North Carolina Department of Insurance determined to be excessive and not in the ordinary course of business;

(4) That Twentieth Century Life would deposit all receipts to accounts under the name and control of Twentieth Century Life; and

(5) That Twentieth Century Life would make all corporate books and records available to the North Carolina Department of Insurance and Twentieth Century Life would not remove books and records without the approval of the North Carolina Department of Insurance approval.

k. On or about June 16, 1989, due to the concerns of the Florida Department of Insurance about financial transactions between Twentieth Century Life and related companies owned or controlled by defendant GLENN H. MARTIN, and about the solvency and liquidity of Twentieth Century Life, and the soundness of its assets, and to protect the property interests of the Twentieth Century Life policy holders and the Florida Life and Health Insurance Guaranty Association, the Florida Department of Insurance issued a Cease and Desist Order prohibiting Twentieth Century Life from writing any new business in the State of Florida.

l. On or about August 1, 1989, the Florida Department of Insurance issued a Consent Order which modified its June 16, 1989, Cease and Desist Order. This Consent Order granted Twentieth Century Life a limited reinstatement of authority to write new business in Florida, subject to several conditions, including the following:

(1) That for every one dollar of Florida gross monthly premiums from the date of the Consent Order up to and including December 31, 1989 received by Twentieth Century Life, Twentieth Century Life was required to place on deposit an amount equal to one dollar in trust with the Florida Department of

Insurance, not to exceed a total of all deposits with the Florida Department of Insurance of $1.45 million;

(2) That Twentieth Century Life was required to limit its gross new Florida business monthly premiums to $200,000 or less for August 1989, and $500,000 or less per month for the period from September 1, 1989, through December 15, 1989, for a total of $2,200,000 or less for August 1, 1989 through December 15, 1989; and

(3) That Twentieth Century Life was not to make any disbursements from its bank accounts without the prior approval of the North Carolina Department of Insurance or Florida Department of Insurance.

m. On or about December 15, 1989, the Florida Department of Insurance extended its August 1, 1989 Consent Order, permitting Twentieth Century Life to continue writing new business, other than annuities, in Florida until March 31, 1990. This extension continued the previous terms of the Order and allowed Twentieth Century Life to continue accepting new premiums of $500,000 or less per month, for a total of $1,750,000 for the period of December 15, 1989 until March 31, 1990. The new order prohibited Twentieth Century Life from issuing any new annuity policies at all in the state of Florida.

2. From on or about June 8, 1989 until on or about April 14, 1991, in Orange County, Florida, in the Middle District of Florida, in Tallahassee, Florida, in the Northern District of Florida, in Raleigh, North Carolina, and elsewhere, GLENN H. MARTIN and CANDACE L. COOPER, the defendants herein, and other persons known and unknown to the Grand Jury, knowingly and willfully conspired, confederated, and agreed:

a. to defraud:

1) the policy holders of Twentieth Century Life Insurance Company of money and of their property interest in the solvency and liquidity of Twentieth Century Life Insurance Company and its ability to promptly redeem its policies, when contractually obligated to do so;

2) the North Carolina Life, Accident, and Health Insurance Guaranty Association and the Florida Life and Health

Insurance Guaranty Association of money and their property interests in the solvency and liquidity of Twentieth Century Life Insurance Company and its ability to promptly redeem its policies, when contractually obligated to do so, without jeopardizing the money, fund, and property of said guaranty associations; and

3) the minority stockholders of Twentieth Century Financial Corporation of America of money, and their property interests in the stock of Twentieth Century Financial Corporation of America and of the profitability, solvency, and liquidity of Twentieth Century Life, the wholly-owned subsidiary of TCFCA; and to obtain money and property by means of false pretenses, representations, and promises, and to use or cause to be used the United States mails in furtherance of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1341 and 2;

b. to knowingly and willfully conduct and attempt to conduct financial transactions affecting interstate commerce which involved the proceeds of specified unlawful activity, that is, mail fraud, in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i);

c. to knowingly and willfully conduct and attempt to conduct financial transactions affecting interstate commerce which involved the proceeds of specified unlawful activity, that is, mail fraud, in violation of Title 18, United States Code, Section 1341, with the intent in whole or in part to conceal and disguise the nature, location, source, ownership, or control of the proceeds of specified unlawful activity and that while conducting and attempting to conduct such financial transactions, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i); and

d. to knowingly and intentionally, engage, and attempt to engage, and cause others to engage in monetary transactions affecting interstate commerce, in criminally derived property of a value greater that $10,000, such property having been derived from a specified unlawful activity, that is mail fraud, in violation

of 18 U.S.C. §1341, in violation of Title 18, United States Code, Section 1957.

The substance of this conspiracy and scheme to defraud is described more fully below.

MANNER AND MEANS

3. It was part of said conspiracy and scheme to defraud that:

a. the defendants would cause to be sold certain Twentieth Century Life single premium life and annuity insurance policies to potential policy holders of Twentieth Century Life, by falsely representing Twentieth Century Life to be a financially sound and solvent life insurance company; by offering to pay interest or dividend rates of 10 to 10-1/2 percent, failing to disclose to said potential policy holders that Twentieth Century Life was not earning sufficient income from its investments to pay the promised interest or dividend rates; that the ability to repay the principal and interest to existing policy holders would depend upon the ability of Twentieth Century Life to continue to obtain premiums from new policy holders; and by failing to disclose that the defendants intended to intentionally circumvent and disobey the consent decrees and agreements with the North Carolina and Florida Departments of Insurance, so that the defendants could misappropriate a substantial portion of the premiums to the personal use and benefit of defendant GLENN H. MARTIN, to the use and benefit of other corporations owned or controlled by defendant GLENN H. MARTIN, and to the use and benefit of family members of defendant GLENN H. MARTIN.

b. the defendants, in violation of the restrictions of the consent decrees and agreements between Twentieth Century Life and the North Carolina Department of Insurance and the Florida Department of Insurance, and without disclosure to the policy holders, the North Carolina Department of Insurance, the Florida Department of Insurance, or the other members of the Board of Directors and minority stockholders of Twentieth Century Financial Corporation, would not record the sale of such unrecorded policies on the official books and records of Twentieth Century Life, and would not report the sale of such unrecorded policies to the North Carolina Department of Insurance and the

Florida Department of Insurance, or the other members of the Board of Directors and minority stockholders in order to facilitate the scheme of the defendants to misappropriate a substantial portion of the premiums to the personal use and benefit of defendant GLENN H. MARTIN, to the use and benefit of other corporations owned or controlled by defendant GLENN H. MARTIN, or to the use and benefit of family members of defendant GLENN H. MARTIN.

c. Defendant CANDACE L. COOPER would keep a handwritten log of the policies that had been sold and not reported to the North Carolina Department of Insurance and the Florida Department of Insurance.

d. Louis J. Hevey would keep a handwritten schedule of moneys received from the sale of said unrecorded policies.

e. the defendants would submit and cause to be submitted false reports to the North Carolina Department of Insurance and the Florida Department of Insurance concerning the amount of money received from the sale of the unrecorded policies sold by Twentieth Century Life.

f. the defendants would open bank accounts for the purpose of depositing and utilizing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life, and would not disclose the existence of said bank accounts or the moneys deposited to said bank accounts to the North Carolina Department of Insurance and the Florida Department of Insurance or to the other members of the Board of Directors and minority stockholders of Twentieth Century Financial Corporation;

g. the defendants would divert and misappropriate substantial sums of moneys obtained from the sale of the unrecorded policies to defendant GLENN H. MARTIN and the other corporations and entities owned and controlled by GLENN H. MARTIN, and to the use and benefit of family members of GLENN H. MARTIN.

h. the defendants would submit and cause to be submitted false reports to the North Carolina Department of Insurance and the Florida Department of Insurance concerning the amount of premiums collected, failing to disclose the misappropriation of funds to the personal use and benefit of defendant GLENN H. MARTIN, to the use and benefit of other corporations owned or controlled by defendant GLENN H.

MARTIN, and to the use and benefit of family members of defendant GLENN H. MARTIN.

i. the defendants also concealed from its outside auditors the sale of the unrecorded policies sold by Twentieth Century Life, the existence of the Twentieth Century bank accounts utilized to deposit the moneys front the sale of the unrecorded policies, thereby causing the outside auditors to prepare false and incomplete financial statements of Twentieth Century Life and Twentieth Century Financial Corporation for presentation to the Board of Directors of Twentieth Century Financial Corporation.

j. defendant GLENN H. MARTIN, for the purpose of lulling the minority shareholders into a false sense of security about the strength of their investment in Twentieth Century Financial Corporation, would cause to be mailed to minority shareholders of Twentieth Century Financial Corporation letters and documents that falsely portrayed Twentieth Century Financial Corporation and Twentieth Century Life as financially solvent corporations with promising financial futures, failing to disclose the precarious financial conditions of Twentieth Century Financial Corporation and Twentieth Century Life and the ongoing misappropriation of funds by defendant GLENN H. MARTIN from the sale of single premium whole life and annuity policies;

k. the defendants would prepare false documentation in an attempt to give the appearance that the misappropriation of premium by defendant GLENN H. MARTIN was justified pursuant to a purported addendum to an existing marketing agreement between Financial Security Corporation of America and Twentieth Century Life Insurance Company.

OVERT ACTS

4. In furtherance of the conspiracy and scheme to defraud, and to effect the objectives thereof, in the Middle District of Florida and elsewhere, the defendants performed one or more of the following overt acts:

(1) On or about June 21, 1989, defendant GLENN H. MARTIN received $250,000 cash from the sale of five annuities, caused the sale of the annuities and receipt of the cash not to be

reported in the official books and records of Twentieth Century Life, and placed or caused the money to be placed into an office safe.

(2) On or about June 27, 1989, the defendant and other co-conspirators opened and caused to be opened at American Pioneer Bank, Orlando, Florida, bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account."

(3) On or about the dates listed below, Louis J. Hevey instructed an employee of Twentieth Century Life to remove cash totaling $223,880 from the sale of the five annuities specified above and to deposit cash in increments of less than $10,000 to the following accounts indicated below:

(a) Martin's Home and Hobby at Central National Bank (MHH acct-CNB) and at Sun Bank (MHH acct-Sun Bank), accounts controlled by the wife of defendant GLENN H. MARTIN;

(b) GLENN H. MARTIN, CLU-CHFC Insurance at Bank of Central Florida (Martin's CLU acct-BCF), and GLENN H. MARTIN, CLU-CHFC Insurance at Sun Bank (Martin's CLU acct-Sun Bank), both personal accounts of defendant GLENN H. MARTIN; and

(c) Financial Security Corporation of America at Sun Bank (FSCA acct-Sun Bank) and Twentieth Century Financial Corporation of America at Sun Bank, (TCFCA acct-Sun Bank), non-Twentieth Century Life accounts controlled by defendant GLENN H. MARTIN:

Date	MHH acct-CNB	MHH acct-Sun Bank	Martin's CLU acct-BCF	Martin's CLU acct-Sun Bank	FSCA acct-Sun Bank	TCFCA acct-Sun Bank
07/12/89	$ 4,000					
07/17/89	$ 4,000					
07/18/89	$ 3,000					
07/20/89	$ 5,000	$ 5,000		$ 5,000		
07/24/89	$ 5,000					
07/25/89		$ 5,000		$ 5,000		
07/26/89	$ 5,000	$ 5,000				

07/28/89	$ 5,000	$ 5,000	$ 5,000			
07/31/89	$ 5,000	$ 5,000				
08/01/89	$ 4,000	$ 4,980	$ 5,000			
08/02/89	$ 5,000	$ 5,000	$ 4,900			
08/03/89			$ 1,000			
08/10/89		$ 8,000				
08/11/89	$ 8,000	$ 8,000	$ 8,000			
08/14/89	$ 8,000	$ 8,000	$ 8,000	$ 8,000		
08/15/89	$ 4,000	$ 4,000	$ 8,000			
08/21/89	$ 5,000	$ 8,000		$ 5,000		
08/22/89						$ 8,000
08/23/89						$ 6,000
08/24/89						$ 6,000
Totals:	$70,000	$ 40,980	$ 58,900	$ 5,000	$24,000	$ 25,000

(4) On or about August 1, 1989, defendants GLENN H. MARTIN and CANDACE L. COOPER signed the Consent Order with the Florida Department of Insurance.

(5) From on or about August 28, 1989 until on or about August 31, 1989, the defendant deposited premiums on approximately 23 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER subsequently caused the policies to be mailed to the agents who sold the policies.

(6) From on or about September 1, 1989 until on or about September 30, 1989, the defendant received premiums on approximately 35 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER subsequently caused the policies to be mailed to the agents who sold the policies.

(7) From on or about October 1, 1989 until on or about October 31, 1989, the defendants received premiums on approximately 29 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER subsequently caused the policies to be mailed to the agents who sold the policies.

(8) On or about the dates listed below, Louis J. Hevey submitted to the Florida Department of Insurance a schedule

falsely reflecting the amount of new Florida premiums written by Twentieth Century Life for the time period listed below:

Date submitted	Time period of report	Amount of premiums reported	Amount of premiums actually received
10/19/89	08/01/89 to 09/30/89	$229,684.00	$1,355,251.00
10/31/89	10/01/89 to 10/15/89	$ 13,068.00	$ 197,446.00
11/15/89	10/01/89 to 10/31/89	$ 29,399.00	$ 843,568.00
11/30/89	11/01/89 to 11/15/89	$ 29,244.00	$ 463,718.00
12/18/89	11/01/89 to 11/30/89	$ 58,814.00	$1,496,985-00
01/03/90	12/01/89 to 12/15/89	$ 3 6, 8 09.00	$1,748,766.00
01/15/90	12/01/89 to 12/31/89	$ 96,019-00	$2,493,083.00
02/02/90	01/01/90 to 01/15/90	$101,888.00	$ 195,646.00
02/15/90	01/01/90 to 01/31/90	$495,524.00	$ 363,366.00
03/01/90	02/01/90 to 02/15/90	$375,506.00	$ 21,306.00

(9) On or about the dates listed below, Louis J. Hevey submitted and caused to be submitted to the Florida Department of Insurance Bureau of Collateral Securities, to be held in trust by said department, Certificate of Deposits payable to Twentieth Century Life from Sun Bank, in the amounts listed below, which amounts were substantially less than the amount of actual premiums received by Twentieth Century Life, as required by the agreements with the Florida Department of Insurance:

Date submitted	Amount of CD
10/25/89	$200,000.00
10/31/89	$15,000.00
11/01/89	$50,000.00
11/15/89	$10,000.00
11/30/89	$25,000.00
12/18/89	$30,000.00
01/03/90	$95,000.00
02/01/90	$205,000.00
02/15/90	$300,000.00
03/01/90	$70,000.00

(10) From on or about November 1, 1989 until on or about November 30, 1989, the defendants received premiums on approximately 30 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER subsequently caused the policies to be mailed to the agents who sold the policies, without recording the existence of the policies in the official books and records of Twentieth Century Life.

(11) On or about November 16, 1989, the defendants submitted and caused to be submitted to the North Carolina Department of Insurance, Twentieth Century Life's September 30, 1989 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence or the balance of the American Pioneer Bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account," which bank account was utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(12) On or about November 17, 1989, the defendants submitted and caused to be submitted to the Florida Department of Insurance, Twentieth Century Life's September 30, 1989 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the American Pioneer Bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account," which bank account was utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(13) On or about December 1, 1989, the defendant and other co-conspirators submitted and caused to be submitted to the Florida Department of Insurance, Twentieth Century Life's Amended September 30, 1989 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of the balance in the American Pioneer Bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account," which bank account was utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(14) From on or about December 1, 1989 until on or about December 3 1, 1989, the defendant received premiums on approximately 55 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER subsequently caused the policies to be mailed to the agents who sold the policies.

(15) On or about December 15, 1989, defendants Glenn H. Martin and Candace L. Cooper signed the Consent Order with the Florida Department of Insurance.

(16) On or about December 22, 1989, the defendants opened or caused to be opened at Central National Bank, Winter Park, Florida, account number 0001007808, entitled "20th Century Life Insurance Company."

(17) From on or about January 1, 1990 until on or about January 31, 1990, the defendant received premiums on approximately 57 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER subsequently caused the policies to be mailed to the agents who sold the policies.

(18) From on or about February 1, 1990 until on or about February 28, 1990, the defendant received premiums on approximately 21 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER subsequently caused the policies to be mailed to the agents who sold the policies.

(19) On or about February 18, 1990, the defendants submitted and caused to be submitted to the Florida Department of Insurance Twentieth Century Life's 1989 Annual Statement, which report was false, in that it did not report the moneys

obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the American Pioneer Bank account number 870610537, entitled "20th Century Life Insurance Co. Commissions Account," or the Central National Bank account number 0001007808, entitled "20th Century Life Insurance Company," both of which bank accounts were utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(20) On or about February 28, 1990, the defendants submitted and caused to be submitted to the North Carolina Department of Insurance Twentieth Century Life's 1989 Annual Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the American Pioneer Bank account number 870610537, entitled "20th Century Life Insurance Co. Commissions Account," or the Central National Bank account number 0001007808, entitled "20th Century Life Insurance Company," both of which bank accounts were utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(21) From on or about March 1, 1990 until on or about March 31, 1990, the defendants received premiums on approximately 38 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER subsequently caused the policies to be mailed to the agents who sold the policies.

(22) On or about March 14, 1989, the defendants opened or caused to be opened at Florida National Bank (subsequently changed to First Union National Bank of Florida), Maitland, Florida, account number 0876036750 (subsequently changed to 14160367501), entitled "Twentieth Century Life Insurance Co."

(23) On or about March 26, 1990, defendant GLENN H. MARTIN submitted and caused to be submitted to the Florida Department of Insurance a letter in which he stated "I believe Twentieth has complied with the material portions of the August and December Consent Orders."

(24) From on or about April 1, 1990 until on or about April 30, 1990, the defendants received premiums on approximately 67 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER

subsequently caused the policies to be mailed to the agents who sold the policies.

(25) From on or about May 1, 1990 until on or about May 31, 1990, the defendants received premiums on approximately 27 unrecorded single premium whole life or annuity policies, and defendant CANDICE L. COOPER subsequently caused the policies to be mailed to the agents who sold the policies.

(26) On or about May 15, 1990, the defendants submitted and caused to be submitted to the North Carolina Department of Insurance Twentieth Century Life's March 31, 1990 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the American Pioneer Bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account," the Central National Bank account number 0001007808, entitled "20th Century Life Insurance Company," or the First Union National Bank of Florida account number 14160367501, entitled "Twentieth Century Life Insurance Co.," all of which bank accounts were utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(27) On or about May 16, 1990, the defendant and other co-conspirators submitted and caused to be submitted to the Florida Department of Insurance Twentieth Century Life's March 31, 1990 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the American Pioneer Bank account number 0870610537, entitled "20th Century Life Insurance Co. Commissions Account," the Central National Bank account number 0001007808, entailed "20th Century Life Insurance Company," or the First Union National Bank of Florida account number 14160367501, entitled "Twentieth Century Life Insurance Co.," all of which bank accounts were utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(28) From on or about June 1, 1990 until on or about June 30, 1990, the defendants received premiums on approximately 16 unrecorded single premium whole life or annuity policies, and

defendant CANDACE L. COOPER subsequently caused the policies to be mailed to the agents who sold the policies.

(29) On or about June 22, 1990, defendant GLENN H. MARTIN mailed or caused to mailed a letter to stockholders of Twentieth Century Financial Corporation, discussing in part the purported "outstanding growth and increased revenues" of Twentieth Century Life, failing to disclose the precarious financial conditions of Twentieth Century Financial Corporation and Twentieth Century Life and the ongoing misappropriation of funds by defendant GLENN H. MARTIN from the sale of single premium whole life and annuity policies.

(30) On or about June 26, 1990, Glenn H. Martin mailed or caused to be mailed a letter to stockholders of Twentieth Century Financial Corporation, which letter enclosed a "Shareholders'/Policyholders' Question and Answers Insurance Industry Supplement," which enclosure presented Twentieth Century Life as a successful, ongoing business concern, failing to disclose the precarious financial condition of Twentieth Century Financial Corporation and Twentieth Century Life and the ongoing misappropriation of funds by defendant GLENN H. MARTIN from the sale of single premium whole life and annuity policies.

(31) From on or about July 1, 1990 until on or about July 31, 1,990, the defendants received premiums on approximately 3 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER subsequently caused the policies to be mailed to who sold the policies.

(32) On or about July 18, 1990, defendant CANDACE L. COOPER instructed Louise Angela Foulkes (Foulkes), Vice President of Administration of Twentieth Century Life Insurance Company, to enter the five $50,000 unrecorded annuities on the Twentieth Century Life computer system.

(33) On or about July 20, 1990, defendant CANDACE L. COOPER instructed Foulkes on how to process any unrecorded policy applications while COOPER was away from the office.

(34) From on or about August 1, 1990 until on or about August 31, 1990, the defendants received premiums on approximately 7 unrecorded single premium whole life or annuity policies, and defendant CANDACE L. COOPER subsequently

caused the policies to be mailed to the agents who sold the policies.

(35) On or about August 13, 1990, the defendants submitted and caused to be submitted to the Florida Department of Insurance Twentieth Century Life's June 30, 1990 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the Central National Bank account number 0001007808, entitled "20th Century Life Insurance Company," or the First Union National Bank of Florida account number 14160367501, entitled "Twentieth Century Life Insurance Co.," both of which bank accounts were utilized for deposit the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(36) On or about August 13, 1990 the defendants submitted and caused to be submitted to the North Carolina Department of Insurance Twentieth Century Life's June 30, 1990 Quarterly Statement, which report was false, in that it did not report the moneys obtained from the sale of the unrecorded policies, and did not report the existence of or the balance in the Central National Bank account number 0001007808, entitled "20th Century Life Insurance Company," or the First Union National Bank of Florida account number 14160367501, entitled "Twentieth Century Life Insurance Co.," both of which bank accounts were utilized for depositing the proceeds from the sale of the unrecorded policies sold by Twentieth Century Life.

(37) On or about September 9, 1990, the defendants received premiums on one unrecorded single premium whole life or annuity policy, and defendant CANDACE L. COOPER subsequently caused the policy to be mailed to the agent who sold the policy.

(38) On or about September 14, 1990, defendant CANDACE L. COOPER, at the direction of defendant GLENN H. MARTIN, instructed Foulkes to enter the unrecorded policies on the Twentieth Century Life computer system.

(39) From on or about September 16, 1990 through on or about September 21, 1990, Foulkes entered or caused to he entered all of the unrecorded policies on the Twentieth Century Life IBM computer system.

(40) From on or about August 28, 1989 until on or about September 9, 1990, the defendants issued and caused to be issued approximately 409 unrecorded policies.

(41) From on or about August 25, 1989 until on or about August 31, 1990, the defendants deposited and caused to be deposited into various bank accounts, and subsequently diverted from said bank accounts, approximately $9,500,000 from the sale of unrecorded policies.

(42) On or about October 10, 1990, defendant GLENN H. MARTIN mailed or caused to be mailed a letter to stockholders of Twentieth Century Financial Corporation, which letter stated that Twentieth Century Financial Corporation was in the process of finalizing a public stock offering of a wholly-owned subsidiary, 21st Century Financial Corporation of America, failing to disclose the precarious financial conditions of Twentieth Century Financial Corporation and Twentieth Century Life and the ongoing misappropriation of funds by defendant GLENN H. MARTIN from the ale of single premium whole life and annuity policies.

(43) On or about February 12, 13, and 14, 1991, at the instruction of defendant CANDACE L. COOPER, the unrecorded policies were transferred from Twentieth Century Life IBM computer to the Hewlett Packard computer by employees of Twentieth Century Life Insurance Company.

All in violation of Title 18, United States Code, Section 371.

COUNTS TWO THROUGH EIGHTEEN

1. The Grand Jury realleges paragraph one of Count One, which paragraph is incorporated by reference, as though fully set forth herein.

2. From on or about June 8, 1989 until on or about February 14, 1991, in Orange County, Florida, in the Middle District of Florida, and elsewhere, GLENN H. MARTIN and CANDACE L. COOPER the defendants herein, knowingly and willfully devised and executed, and attempted to devise and execute, a scheme and artifice to defraud:

a. the policy holders of Twentieth Century Life Insurance Company of money and of their property interest in the

solvency and liquidity of Twentieth Century Life Insurance Company and its ability to promptly redeem its policies, when contractually obligated to do so;

b. the North Carolina Life, Accident, and Health Insurance Guaranty Association and the Florida Life and Health Insurance Guaranty Association of money and their property interests in the solvency and liquidity of Twentieth Century Life Insurance Company and its ability to promptly redeem its policies, when contractually obligated to do so, without jeopardizing the money, fund, and property of said guaranty associations; and

c. the minority stockholders of Twentieth Century Financial Corporation of America of money, and their property interests in the stock of Twentieth Century Financial Corporation of America and of the profitability, solvency, and liquidity of Twentieth Century Life, the wholly-owned subsidiary of TCFCA; and to obtain money and property by means of false pretenses, representations, and promises, and to use or cause to be used the United States mails in furtherance of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1341 and 2;

MANNER AND MEANS

The substance of this scheme to defraud is described more fully in paragraph 3 of Count One, which paragraph the Grand Jury realleges and incorporates by reference, as though fully set forth herein.

EXECUTION OF THE SCHEME

3. On or about the dates listed below in each count, in the Middle District of Florida, and elsewhere, for the purpose of executing and attempting to execute the scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, defendants GLENN H. MARTIN and CANDACE L. COOPER did knowingly cause to be sent and delivered by the United States

mail, and did knowingly cause to be taken and received from the United States mail, the following matters and things:

Count		
2	Date:	11/15/89
	From:	20th Century Life, P.O. Drawer 4964, 731 N. Garland Ave, Orlando, FL 32802
	To:	Hugh Barndoller, 7622 Congress, New Port Richey, FL 34656
	Contents:	Single Premium annuity policy no. 8910316A
3	Date:	11/15/89
	From:	20th Century Life Insurance Company, Financial Security Center, P.O. Drawer 5020, Maitland, FL 327510-8037
	To:	Christopher Shaw, State of Florida Dept of Insurance, Bureau of Collateral Securities, P.O. Box 5200, Tallahassee, FL 32314-5200
	Contents:	Letter from Hevey submitting Florida Premium Report and $10,000 required deposit
4	Date:	11/30/89
	From:	20th Century Life Insurance Company, Financial Security Center, P.O. Drawer 5020, Maitland, FL 327510-8037
	To:	Christopher Shaw, State of Florida Dept of Insurance, Bureau of Collateral Securities, P.O. Box 5200, Tallahassee, FL 32314-5200
	Contents:	Letter from Hevey submitting Florida Premium Report and $25,000 required deposit
5	Date:	1/16/90
	From:	20th Century Life, P.O. Drawer 4964, 731 N. Garland Ave, Orlando, FL 32802
	To:	Ronald Hickman, 6310 S.W. 41 Place, Davie, FL 33114
	Contents:	Single Premium annuity policy nos. 8920230A, 8920231A, and 8920232A
6	Date:	1/17/90
	From:	20th Century Life, P.O. Drawer 4964, 731 N. Garland Ave, Orlando, FL 32802

To: Kenneth Sanders, 4801 S. University Dr., Davie, FL 33328
Contents: Single Premium annuity policy no. 8920234A

7 Date: 1/29/90
From: 20th Century Life, P.O. Drawer 4964, 731 N. Garland Ave, Orlando, FL 32802
To: Ronald Hickman, 6310 S.W. 41 Place, Davie, FL 33114
Contents: Single Premium annuity policy no. 8920247A

8 Date: 2/2/90
From: 20th Century Life, P.O. Drawer 4964, 731 N. Garland Ave, Orlando, FL 32802
To: Kenneth Sanders, 4801 S. University Dr., Davie, FL 33328
Contents: Single Premium annuity policy nos. 8920253A and 8920255A

9 Date: 2/1/90
From: 20th Century Life Insurance Company, Financial Security Center, P.O. Drawer 5020, Maitland, FL 327510-8037
To: Christopher Shaw, State of Florida Dept of Insurance, Bureau of Collateral Securities, P.O. Box 5200, Tallahassee, FL 32314-5200
Contents: Letter from Hevey submitting Florida $205,000 required deposit

10 Date: 4/18/90
From: Gresham Northcott, Bank of Union, 201 No. Charlotte Ave., Monroe, NC 28110
To: Sandi Morgan, 20th Century Life, 731 N. Garland Ave, Orlando, FL 32802
Contents: Application for Annuity and cashier's check for Hayne Baucom

11 Date: 5/15/90
From: Gresham Northcott, Bank of Union, 201 No. Charlotte Ave., Monroe, NC 28110
To: Sandi Morgan, 20th Century Life, 731 N. Garland Ave, Orlando, FL 32802
Contents: 2 Applications for Annuity and cashier's check for Frederick McCallum & Ralph Williams

12 Date: 5/18/90
From: Gresham Northcott, Bank of Union, 201 No. Charlotte Ave., Monroe, NC 28110
To: Sandi Morgan, 20th Century Life, 731 N. Garland Ave, Orlando, FL 32802
Contents: 2 Applications for Annuity and cashier's check for Richard H. Boike and Al Carter

13 Date: 5/21/90
From: Gresham Northcott, Bank of Union, 201 No. Charlotte Ave., Monroe, NC 28110
To: Sandi Morgan, 20th Century Life, 731 N. Garland Ave, Orlando, FL 32802
Contents: Application for Annuity and cashier's check for Edna Byrd

14 Date: 5/22/90
From: Gresham Northcott, Bank of Union, 201 No. Charlotte Ave., Monroe, NC 28110
To: Sandi Morgan, 20th Century Life, 731 N. Garland Ave, Orlando, FL 32802
Contents: Application for Annuity and cashier's check for Rachel Horne

15 Date: 6/22/90
From: 20th Century Life, P.O. Drawer 5020, 341 N. Maitland Ave., Maitland, FL 32751-5020
To: Mr. Adolf Henn, 1703 Barcelona Way, Winter Park, FL 32789
Contents: Letter to TCFCA stockholders from GLENN H. MARTIN

16 Date: 6/26/90
From: 20th Century Life, P.O. Drawer 5020, 341 N. Maitland Ave., Maitland, FL 32751-5020
To: Mr. Adolf Henn, 1703 Barcelona Way, Winter Park, FL 32789
Contents: Letter to TCFCA stockholders from GLENN H. MARTIN

17 Date: 7/23/90
From: Gresham Northcott, Bank of Union, 201 No. Charlotte Ave., Monroe, NC 28110
To: 20th Century Life, 731 N. Garland Ave, Orlando, FL 32802, Attn: Lisa
Contents: Cashier's check #009272

18 Date: 10/10/90
From: FSCA, P.O. Box 945020, Maitland, FL 32794-5020
To: Mr. Adolf Henn, 1703 Barcelona Way, Winter Park, FL 32789
Winter Park, FL 32789
Contents: Letter to TCFCA stockholders from GLENN H. MARTIN

All in violation of title 18, United States Code, Sections 1341 and 2.

COUNTS NINETEEN THROUGH TWENTY-FIVE

1. The Grand Jury realleges paragraph one of Count One, which paragraph is incorporated by reference, as though fully set forth herein.

2. From on or about August 28, 1989 until on or about August 31, 1990, the defendants caused checks to be written to the benefit of defendant GLENN H. MARTIN or his family, and deposited and caused to be deposited into various individual or corporate bank accounts owned or controlled by defendant GLENN H. MARTIN, approximately $9,500,000 that had been received from the sale of unrecorded policies mention in the mail fraud scheme described in Counts Two through Eighteen.

3. On or about the dates listed below in each count, in the Middle District of Florida, and elsewhere, GLENN H. MARTIN and CANDACE L. COOPER the defendants herein, knowingly, intentionally, and unlawfully engaged, attempted to engage, and willfully caused others to engage, in monetary transactions affecting interstate commerce, in criminally derived property of a value greater than $10,000, that is the withdrawal, transfer, and deposit of funds and monetary instruments in the approximate amounts described below from and to the accounts described below, such property having been derived from a specified unlawful activity, that is, the proceeds of the mail fraud scheme described in Counts Two through Eighteen, in violation of 18 U.S.C. 1341.

Count

19	Date:	12/7/89
	Accounts:	From TCL Commissions Acct. #870610537 at American Pioneer Savings Bank, Orlando FL to GLENN H. MARTIN, CLU Acct. #214242009243 at Sun Bank, Orlando, FL
	Check/Wire:	Check #4063 dated 12-06-89 payable to GLENN H. MARTIN, CLU
	Amount:	$100,000.00
20	Date:	1/8/90
	Accounts:	From TCL Commissions Acct. #870610537 at American Pioneer Savings Bank, Orlando FL to GLENN H. MARTIN/20th Acct. #0871147755 at American Pioneer Savings Bank, Orlando, FL
	Check/Wire:	Check #4075 dated 1-8-90 payable to GLENN H. MARTIN/20th Acct
	Amount:	$150,000.00
21	Date:	1/31/90
	Accounts:	From TCL Acct. #1007808 at Central National Bank, Winter Park, FL to GLENN H. MARTIN/20th Acct. #361-147556 at Southeast Bank, N.A., Winter Park, FL
	Check/Wire:	Check #1010 dated 1-30-90 payable to GLENN H. MARTIN/20th Acct
	Amount:	$150,000.00
22	Date:	2/26/90
	Accounts:	From TCL Acct. #1007808 at Central National Bank, Winter Park, FL to GLENN H. MARTIN/20th Acct. #361-147556 at Southeast Bank, N.A., Winter Park, FL
	Check/Wire:	Check #1013 dated 2-22-90 payable to GLENN H. MARTIN/20th Acct
	Amount:	$400,000.00

23	Date:	3/16/90
	Accounts:	From TCL Acct. #1007808 at Central National Bank, Winter Park, FL to GLENN H. MARTIN/20th Acct. #361-147556 at Southeast Bank, N.A., Winter Park, FL
	Check/Wire:	Check #1020 dated 3-15-90 payable to GLENN H. MARTIN/20th Acct
	Amount:	$300,000.00
24	Date:	5/10/90
	Accounts:	From TCL Acct. #14160367501 at First Union National Bank, Maitland, FL to Victory Life Ins. Co. Acct. #10022000766 at Whitney National Bank, New Orleans, LA
	Check/Wire:	Wire transfer debit dated 5/10/90 to Victory Life Ins. Co.
	Amount:	$1,020,000.00
25	Date:	6/15/90
	Accounts:	From TCL Acct. #14160367501 at First Union National Bank, Maitland, FL to purchase First Union National Bank Cashier's Check payable to Jack R. Leonard, TRUST Acct., to purchase home for Christopher Martin
	Check/Wire:	Check #119 dated 6-15-90 payable to First Union National Bank
	Amount:	$196,313.74

All in violation of title 18, United States Code, Sections 1957 and 2.

COUNTS TWENTY-SIX THROUGH TWENTY-EIGHT

1. The Grand Jury realleges paragraph one of Count One, which paragraph is incorporated by reference, as though fully set forth herein.

2. From on or about August 28, 1989 until on or about August 31, 1990, the defendants caused checks to be written to the benefit of defendant GLENN H. MARTIN or his family, and deposited and caused to be deposited into various individual or corporate bank accounts owned or controlled by defendant GLENN H. MARTIN, approximately $9,500,000 that had been received from

the sale of unrecorded policies mention in the mail fraud scheme described in Counts Two through Eighteen.

3. On or about the dates listed below in each count, in the Middle District of Florida, and elsewhere, GLENN H. MARTIN and CANDACE L. COOPER the defendants herein, did knowingly and willfully attempt to conduct and cause to be conducted the financial transactions listed below in each count, which transaction affected interstate commerce and which involved the proceeds of specified unlawful activity, that is, the proceeds of the mail fraud scheme described in Counts Two through Eighteen, in violation of 18 U.S.C. 1341, with the intent to promote the carrying on of specified unlawful activity, that is, the proceeds of the mail fraud scheme described in Counts Two through Eighteen, in violation of 18 U.S.C. 1341, and that while conducting and attempting to conduct such financial transaction knew that the property involved in the financial transaction listed below in each count represented the proceeds of some form of unlawful activity:

Count

26	Date:	3/2/90
	Accounts:	From GLENN H. MARTIN/20th Acct. #361-0147556 at Southeast Bank, N.A., Winter Park, FL to Glenn H. Martin Acct. #0776765980542 at Sun Bank, Orlando, FL
	Check/Wire:	Check #4115 dated 3-1-90 payable to GLENN H. MARTIN
	Amount:	$400,000.00
27	Date:	6/19/90
	Accounts:	From GLENN H. MARTIN/20th Acct. #361-0147556 at Southeast Bank, N.A., Winter Park, FL to GLENN H. MARTIN, CLU Acct. #215252009243 at Sun Bank, Orlando, FL
	Check/Wire:	Check #4149 dated 6-18-90 payable to GLENN H. MARTIN, CLU
	Amount:	$125,000.00

28	Date:	8/2/90
	Accounts:	From TCL Acct. #14160367501 at First Union National Bank, Maitland, FL to FICA Acct. #14165000504 at First Union National Bank, Maitland, FL
	Check/Wire:	Check #133 dated 8-2-90 payable to FICA drawn on account of TCL
	Amount:	$225,000.00

All in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.

COUNTS TWENTY-NINE THROUGH THIRTY-THREE

1. The Grand Jury realleges paragraph one of Count One, which paragraph is incorporated by reference, as though fully set forth herein.

2. From on or about August 28, 1989 until on or about August 31, 1990, the defendants caused checks to be written to the benefit of defendant GLENN H. MARTIN or his family, and deposited and caused to be deposited into various individual or corporate bank accounts owned or controlled by defendant GLENN H. MARTIN, approximately $9,500,000 that had been received from the sale of unrecorded policies mention in the mail fraud scheme described in Counts Two through Eighteen.

3. On or about the dates listed below in each count, in the Middle District of Florida, and elsewhere, GLENN H. MARTIN and CANDACE L. COOPER the defendants herein, did knowingly and willfully attempt to conduct and attempt to conduct the financial transaction listed below in each count, which transaction affected interstate commerce and which represent the proceeds of specified unlawful activity, that is, the proceeds of the mail fraud scheme described in Counts Two through Eighteen, in violation of 18 U.S.C. 1341, with the intent in whole or in part to conceal and disguise the nature, location, source, ownership, or control of the proceeds of specified unlawful activity and that while conducting and attempting to conduct such financial transaction knew that the property involved in the financial transaction listed below in each count represented the proceeds of some form of unlawful activity:

Count

29 Date: 3/27/90
Accounts: From GLENN H. MARTIN/20th Acct. #361-0147556 at Southeast Bank, N.A., Winter Park, FL to GLENN H. MARTIN, CLU Acct. #21252009243 at Sun Bank, Orlando, FL
Check/Wire: Check #4125 dated 3-26-90 payable to GLENN H. MARTIN, CLU
Amount: $100,000.00

30 Date: 4/6/90
Accounts: From GLENN H. MARTIN/20th Acct. #361-0147556 at Southeast Bank, N.A., Winter Park, FL to GLENN H. MARTIN, CLU Acct. #21252009243 at Sun Bank, Orlando, FL
Check/Wire: Check #4128 dated 4-5-90 payable to GLENN H. MARTIN, CLU
Amount: $100,000.00

31 Date: 4/19/90
Accounts: From GLENN H. MARTIN/20th Acct. #361-0147556 at Southeast Bank, N.A., Winter Park, FL to GLENN H. MARTIN, CLU Acct. #21252009243 at Sun Bank, Orlando, FL
Check/Wire: Check #4131 dated 4-18-90 payable to GLENN H. MARTIN, CLU
Amount: $105,000.00

32 Date: 5/10/90
Accounts: From GLENN H. MARTIN/20th Acct. #361-0147556 at Southeast Bank, N.A., Winter Park, FL to GLENN H. MARTIN, CLU Acct. #21252009243 at Sun Bank, Orlando, FL
Check/Wire: Check #4137 dated 5-9-90 payable to GLENN H. MARTIN, CLU
Amount: $100,000.00

33 Date: 5/31/90
Accounts: From GLENN H. MARTIN/20th Acct. #361-0147556 at Southeast Bank, N.A., Winter Park, FL to GLENN H. MARTIN, CLU Acct. #21252009243 at Sun Bank, Orlando, FL
Check/Wire: Check #4143 dated 5-30-90 payable to GLENN H. MARTIN, CLU
Amount: $125,000.00

All in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.

FORFEITURES

The allegations contained in Counts One through Thirty-three of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to the provisions of Title 18, United States Code, Section 982.

The defendant, GLENN H. MARTIN, shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2), any and all right, title, and interest he may have in any property constituting, and derived from, proceeds the defendant GLENN H. MARTIN obtained directly and indirectly, as the result of his violations of Title 18, United States Code, Section 1957 (engaging in monetary transactions in property derived from specified unlawful activity), alleged in Counts Nineteen through Twenty-Five of this Indictment; Title 18, United States Code, Section 1956(a)(1)(A)(i) (laundering of monetary instruments), alleged in Counts Twenty-Six through Twenty-Eight of this Indictment; and Title 18, United States Code, Section 1956(a)(1)(B)(i) (laundering of monetary instruments), alleged in Counts Twenty-Nine through Thirty-Three of this Indictment.

If any of the property as a result of any act or omission of the defendant:

a. Cannot be located upon the exercise of due diligence;

b. Has been transferred or sold to, or deposited with, a third part;

c. Has been placed beyond the jurisdiction of the court;

d. Has been substantially diminished in value; or

e. Has been commingled with other property which cannot be divided without difficulty,the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1)(A).

A True Bill
/s/ Foreman

CHARLES R. WILSON
United States Attorney

By /s/ Thomas W. Turner
Assistant United States Attorney

By /s/ Ralph E. Hopkins
Managing Assistant U.S. Attorney

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

In Re: Glenn H. Martin and Evelyn M. Martin, Debtor

Case No: 92-04238-6J7

AFFIDAVIT

STATE OF FLORIDA
COUNTY OF ORANGE

BEFORE ME, the undersigned authority, personally appeared Leigh R. Meininger, who is personally known to me and who, after being first duly sworn, deposes and says:

1. I am the duly appointed and acting Chapter 7 trustee in the above captioned case.

2. The Martin bankruptcy case is open as of the present time,

3. The trustee has not abandoned any claims that there might be by the debtors against Twentieth Century Life Insurance Company.

FURTHER AFFIANT SAYETH NOT.

/s/ Leigh R. Meininger
Meininger & Meininger, P.A.
2002 East Robinson Street
Orlando, Florida 32803
Phone: (407) 894-0141
Telefax: (407) 894-1936
Florida Bar No: 0765562

[Jurat omitted]